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The Democratic Socialist Republic of Sri Lanka
(First Session)

Second Report

From
The Committee on Public Enterprises

Presented by
Hon. DEW. Gunasekara
Chairman of the Committee
on
23rd of July, 2013

**Honourable Members of the Committee on Public Enterprises
First Session of the Seventh Parliament**

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- 02 Hon.(Mrs.) Pavithra Devi Wanniarachchi
- 03 Hon.A.D.Susil Premajayantha
- 04 Hon.(Dr.) Rajitha Senaratne
- 05 Hon. Chandrasiri Gajadeera
- 06 Hon. A.P.Jagath Pushpakumara
- 07 Hon. T.B.Ekanayake
- 08 Hon.Mahinda Amaraweera
- 09 Hon.S.M.Chandrasena
- 10 Hon. (Dr.) Mervyn Silva
- 11 Hon. Lasantha Alagiyawanna
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- 14 Hon. Lakshman Kiriella
- 15 Hon. Karu Jayasuriya
- 16 Hon. Ravi Karunanayake
- 17 Hon. (Al Haj) A.H.M.Azwer
- 18 Hon. Sajith Premadasa
- 19 Hon. Sunil Handunnetti
- 20 Hon. Arjuna Ranatunga
- 21 Hon. M.T.Hasen Ali
- 22 Hon. A.Vinayagamoorthy
- 23 Hon. Dayasiri Jayasekara
- 24 Hon. (Ven.) Athuraliye Rathana Thero
- 25 Hon. Seeniththamby Yoheswaran
- 26 Hon. Namal Rajapaksa
- 27 Hon. Eran Wickramaratne
- 28 Hon. (Prof.) Rajiva Wijesinha
- 29 Hon. E.Saravanapavan
- 30 Hon. Sujeewa Senasinghe
- 31 Hon. (Mrs.) Rosy Senanayake

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Chairman's Note

The present Parliamentary Committee on Public Enterprises commenced its work on 8th June, 2010. During the period of its operation since then, the Committee was able to complete the examination of financial accounts relating to 229 state institutions in the first round (2010/2011) and submitted its First Report to Parliament on 01.12.2011. In the second round (2012/2013), the Committee completed examination of 244 State Institutions and its Second Report is hereby presented to Parliament. An Interim Report has already been submitted to Parliament on 25th October, 2012 in respect of 32 institutions.

I believe that this exercise is an unprecedented and distinguished record in the history of our legislature. I take this opportunity to thank the Honourable Members of the COPE for their commitment and devotion. I do deeply appreciate the tireless efforts made by the Auditor General, his Deputies and staff and thank them for their share of contribution to accomplish this record. The co-operation extended by the officials of the General Treasury (The Department of Public Enterprises and the Department of National Budget) at all sittings of the COPE is commendable.

It was a very strenuous and painful task for the Secretary and his staff of the COPE to record evidence and analyze them meticulously relating to such a large number of Institutions within a short period of time. They deserve to be rewarded by way of helping them to enhance their knowledge and skills.

The Honourable members of the COPE, at the sittings of the COPE sessions in dealing with the public officials acted with deep sense of responsibility. They were firm and stern but courteous and pleasant. I believe that the committee was able to enhance the prestige and dignity of the Parliament and earn the confidence and admiration of the people.

The Committee's work during the three years of its operation has had a tremendous impact on the Financial discipline of the public enterprises. This is evidenced by the satisfactory performance and improvements.

The attention of the executive should be drawn to the need for enhancing the quality of leadership of the Public Enterprises through the appointment of professional, experienced and skilled personnel. They should be made fully answerable and accountable for their performance. This can be ensured by the maximum degree of autonomy and minimum degree of interference from above. There is a dearth of professionals in the field of Accountancy which can only be corrected through a deserving remuneration.

The Treasury and the Public Administration Ministry should seriously consider these deficiencies in order to enhance the quality of leadership. It is high time that we shift to a higher level of accounting and auditing in keeping with international standards. This is imperative in the case of large public enterprises.

DEW Gunasekara, MP
Chairman- COPE

PREFACE

The Parliamentary Committee on Public Enterprises (COPE) for the first Session of the Seventh Parliament presents its Second Report to Parliament in terms of the Standing Order 126. This report covers the findings of the Committee on 211 Public Enterprises made in the course of its examinations during the period 1st January 2012 to 31st March 2013. In keeping with the pledge given to Parliament, the Committee has already presented an interim report on 25th October 2012 in respect of 32 Institutions examined by the Main Committee. Thus the total number of Institutions examined by the Committee during the relevant period is 244. These Institutions have been classified as follows:

- Regulatory Bodies
- Promotional Agencies
- State-owned Enterprises
- Educational Agencies
- Development Agencies
- Research Institutions

The Committee wishes to report to Parliament, in response to the concerns expressed by the Honourable Members, that it took upon itself the responsibility of monitoring and reviewing the follow-up measures on the findings and recommendations, made in the First Report.

In our view, the follow-up measures have had an impact on the control of public Finance. This is evidenced by the progress of a large number of State Enterprises. Regular submission of Annual Reports, Corporate Plans, Action Plans, Financial Statements, Answers to Audit Queries, replacement of erring Heads of Institutions, changes in Boards of Management, Investigations by Bribery Commission, Corrective measures, recovery actions are all responses to our follow up-measures.

The Committee also carried out an awareness programme on financial discipline amongst the senior public officers in five provinces-Western, Southern, Uva, North Western and Northern with the assistance of the Ministry of Parliamentary Affairs.

It is our observation that the automatic controls of Public Finance namely the Appropriation Act, Fiscal Management (Responsibility) Act, Financial Regulations, Treasury Circulars, Public Administration Circulars etc., by themselves cannot ensure financial discipline. It reiterates with emphasis, the fact that constitutional responsibility for financial controls rests mainly on the Chief Accounting Officers, (Secretaries to Ministries) who are the Constitutional link between the Legislature and the Executive.

For the convenience of the Honourable Members, the Committee, in its Second Report has highlighted the performance of the strategic Business Enterprises in terms of

- (i) Loss/deficit -incurring
- (ii) Continuous loss/deficit increasing
- (iii) Increasing profits/surplus and
- (iv) Decreasing profits/surplus.

The Committee has made a series of recommendations both general and specific in addition to its observations and findings.

The Committee wishes to inform the Parliament that it would take all possible steps to present hereafter Quarterly reports of the COPE to enable the authorities to take prompt remedial measures. It will also provide the opportunity to the Honourable members to raise any issue on the floor of the House as other wise they would have to await one long year until the final report is presented.

During the period from 1st January, 2012 to 31st March, 2013 the Committee examined 244 Public Enterprises as stipulated below.

Committee	Chairman	No. of Institutions Examined	
		2012-2013	2010-2011
Main Committee	Hon.DEW Gunasekara	110*	92
Sub Committee -I	Hon. A.D.Susil Premajayantha	55	39
Sub Committee -II	Hon. Karu Jayasuriya	33	39
Sub Committee -III	Hon.Lasantha Alagiyawanna	46	59
Total		244	229

- *Includes 32 Institutions examined as per Interim Report.
- There were 247 examinations in respect of the 244 institutions.

GENERAL OBSERVATIONS & RECOMMENDATIONS

The following general observations are made in relation to the institutions examined. Finding solutions for certain problems mentioned here is beyond the scope of those institutions as they require a broad intervention of the Treasury along with radical changes in the existing policies.

01. Need for Increasing the Existing Salary Scales of Professionals in the Public Sector

The Committee, as explained in the Interim Report for 2012 tabled on 25.10.2012, reiterates the importance of increasing the professional capacity in the public sector. However, it goes without saying that the professionals cannot be either recruited or retained with the existing salary scales in the Public Sector. Because of this situation, certain institutions had been compelled to recruit personnel to the high ranking posts on contract basis which leads to a serious problem with regard to the responsibility and the accountability of those personnel recruited on contract basis.

Recommendation

The Treasury is therefore recommended to take immediate action to raise the salaries and other remuneration of these posts to avoid any possible collapse of the public sector.

02. Appointment of Private Auditors

In addition to the institutions coming under the purview of the Auditor General, there are institutions which are audited by the external audit firms nominated by the Treasury under the approval of the Auditor General. However, the Committee observed that there is neither a proper mechanism nor a criteria in selecting private auditors which sometimes poses questions on the acceptability of the audited accounts.

Recommendation

The Committee, recommends to formulate a healthy system in appointing private auditors, securing effective accountability towards the public money.

03. Improper Financial Planning.

The greatest challenge faced by the public enterprises with a commercial basis is that they are required to compromise on catering to the national interest of the country whilst being engaged in a highly competitive dynamic business environment. The severe losses of the Ceylon Electricity Board, Mihin Lanka Ltd. etc. had been due to the under-selling of their services for not being able to pass the burden on to the General Public. If this situation is not addressed promptly, the institutions like CEB, CPC, Mihin Lanka Ltd. are on the verge of a collapse as entities which would in turn affect the banking sector in the country.

Recommendation

The Committee recommends that the Central Bank with the General Treasury should formulate a system to monitor the lending process of the banks to such businesses , avoiding the risk of any possible collapse of the banking system.

04. Releasing Employees and Motor Vehicles to the Line Ministry

The Committee observed several instances where the employees had been released to the line Ministry contrary to the Treasury Circulars whilst their salaries and allowances being borne by the institutions they belonged to. For instance, the National Housing Development Authority had paid Rs.9.77 million as salaries and allowances of 37 employees released to the line Ministry. In addition , the Committee also identified certain instances where the motor vehicles had been released to the line Ministry.

Recommendation

The Committee strongly recommends that this is a practice which should be discouraged by all means. The General Treasury is recommended to have a close monitoring whether the public corporations and other institutions strictly adhere to the Treasury guidelines, as otherwise such practices would badly affect the well being of the respective institutions.

05. Strengthening Internal Audit

The Internal Audit function of certain public enterprises was found to be inadequate mainly due to the shortage of staff and the Committee stressed the need for strengthening this unit in each institution by providing required resources. Further, it identified certain institutions with no internal audit division at all. Effective internal audit secure the financial accountability of the institution, and it also reduces the work load of the Auditor General. Furthermore, the internal audit could timely reveal information about fraudulent acts and the errant officers/employees could be dealt with timely.

Recommendation

The Committee recommends that the General Treasury and the Ministry of Public Administration should equip the institutions with the sufficient auditing staff as well as the experienced Government Accountants. Also, the Committee recommends providing adequate training facilities to the officers engaged in the internal audit functions.

06. Unsatisfactory Debt Management

It should be noted that the debt management of most of the public institutions is extremely unsatisfactory and as a result, large amount of debtor balances had been outstanding for a significant period of time. For the lapses in the agreements and sometimes for not taking action within the required time period, some debtor balances are in a non recoverable state.

Recommendation

It is recommended to institute a special debt collecting unit in each institution, which should timely take action to recover the debts, and stern action need to be taken against the officers who would deliberately make delays.

07. Advance Payments on Contracts

Even though the maximum amount of advances payable to contractors for assigned works had been limited to 20% of the total, the Committee observed instances where this regulation had been violated by certain institutions. Further, in certain such transactions, even a security bond had not been obtained.

Recommendation

It is recommended that the General Treasury and the respective line ministry, should draw the attention of the institution, towards the procurement guidelines, and direct them for strict adherence of those. It is also recommended that if there would be any loss incurred as a result of any breach of such guidelines, the officer or officers responsible should be severely dealt with irrespective of their positions.

08. Overstaffing

The losses incurred by certain institutions such as Sri Lanka Transport Board and plantation companies had been mainly due to the excess staff in the institutions.

Recommendation

The Committee recommends making them retire through a VRS system in order to make these institutions survive further.

09. Redundant Institutions

There were certain institutions which were non-operational at the moment but they continue to exist without being wound up due to various reasons. The Vegetable Development Board, Fruit Development Board, Pulses & Grain Research and Production Authority, State Trading (COOP) Wholesale Com. Ltd., Janatha Fertilizer Com. Ltd. had not been operational for a significant period but remain without being liquidated though the Cabinet approval to do so in relation to certain such institutions had been given several years ago. As per the information provided by the Department of Public Enterprises, the defunct institutions are given in table 1 on page 7.

In addition to the institutions which are not operating at the moment, the Committee identified certain institutions which possess no viability of continuing further. The Lakdiva Engineering Company Ltd., a company which is engaged in repairing and manufacturing of bodies of busses for Sri Lanka Transport Board was found to have an annual output of only four and the Committee recommends winding up this institution and absorbs its staff into the staff of CTB.

Table 1: Action to be taken regarding defunct institutions

No.	Defunct Institution	Action to be taken
01.	Janatha Fertilizer Enterprises Ltd.	To be liquidated
02.	Hingurana Sugar Industries Ltd.	To be re-established
03.	Kantale Sugar Industries Ltd.	To be re-established
04.	Sri Lanka Rubber Manufacturing Export Corporation Ltd.	To be liquidated
05.	Lanka Salusala Ltd.	To be restructured
06.	Lanka Fabrics Ltd.	To be liquidated
07.	Co-operative Wholesale Establishment	To be re-established
08.	State Trading (COOP) Wholesale Company Ltd.	Proposed to be liquidated

10. Subsidiaries of state owned institutions not accountable to the Parliament

The certain subsidiaries of state owned institutions, despite the Government being the major share holder, seem to have gone beyond the control of the parental organization and the representation of the Government in the director boards of those institutions had been only nominal.

Recommendation

It is recommended that the respective Standing Orders of Parliament should be so amended that the Auditor General could be empowered to undertake the audit of the accounts of such subsidiaries and, they should be brought under the purview of the COPE scrutiny.

11. Adverse Role of Trade Unions on Decision Making.

The Committee is of the opinion that the role played by certain trade unions operating in some state institutions is such that they should be held responsible to a significant extent for the unsatisfactory performance of those institutions. Their influence in relation to recruitments is sometimes detrimental to the institution. The Water Supplies & Drainage Board has been unable to recruit more professionally qualified accountants due to the pressure of non professional accountants who demand a 50% quota of recruitments relating to accountants for the internal staff. Further, in most of the regional centres, there are no professional accountants other than the promoted staff. Therefore, the institution is faced with a serious difficulty in getting adjusted to the new accounting standards to be made effective from 2012 accounts.

Recommendation

The heads of institutions and the members of board of directors should maintain a cordial rapport with the union leaders and get their support to run the organization smoothly.

12. Dearth of qualified Actuaries

Inadequacy of actuaries not only in the public sector but also in the country as a whole is considered by the Committee as a serious issue experienced by the country at the moment as the need to foresee the future risks is felt more important than ever before. For instance, the collapse of the Agrarian and Agricultural Insurance Board had been mainly due to the inability to foresee the non-viability of its pension scheme.

13. Need for Shifting to a Cost Accounting System

The Committee stresses the importance of shifting to a cost accounting system which enables the management to implement the most appropriate course of action based on the cost efficiency and capability. However, the dearth of cost accountants in the public sector will be a serious issue to meet this requirement and the Committee expects the treasury to take action in this regard as early as possible.

14. Appointment of heads of institutions and members to the Board of Directors

The Committee is of the opinion that the appointment of personnel as heads of institutions should be made only by considering their qualifications and experience in the relevant discipline. The matter remains the same even in relation to the appointment of board members as their decision making has a huge dependency on their knowledge and experience in the relevant area of interest .

15. Presentation of Annual Reports in Parliament

As per the Public Enterprises Circular No.12, the annual reports of all public corporations should be tabled in Parliament within 150 days after the close of the financial year .At the inception of its proceedings by the Committee in 2010, the status of tabling annual reports in Parliament was found to be very unsatisfactory , as there was a heavy back-log of outstanding annual reports related to many institutions. However, according to the records as at 30.06.2013, a significant improvement has been made since nearly 82% out of the institutions, other than those established under the Companies Act, had already tabled the Annual report for 2009 and nearly 71% had tabled the report for 2010. Even though most of the state owned limited liability companies do table their annual reports in Parliament, some institutions had not tabled their reports on the ground that there is no such provision in the Companies Act.

The institutions which had not tabled the 2009 and 2010 annual reports are shown separately on the pages 9 and 10 based on the records as at 30.06.2013.

Institutions which had not tabled the 2009 Annual Report

(As at 30.06.2013)

01. Botanical Garden Trust Fund
02. Central Engineering Consultancy Bureau
03. Defence Service Command & Staff College
04. Galle Heritage Foundation
05. Gem & Jewellery Research and Training Institute
06. Information & Communication Technology Agency
07. Institute of Human Resources Advancement
08. J.R. Jayawardena Centre
09. Janatha Estate Development Board
10. Lady Lochore Loan Fund
11. Land Reform Commission
12. Mahapola Higher Education Trust Fund
13. Mahaweli Authority
14. National Council for Road Safety
15. National Gem & Jewellery Authority
16. National Research Council
17. National Secretariat for Persons with Disabilities
18. Provident Fund for Buddhist & Pali University
19. Saumyamoorthi Thondaman Memorial Foundation
20. Sri Lanka Convention Bureau
21. Sri Lanka Handicrafts Board
22. Sri Lanka State Plantation Corporation
23. Southern Development Authority
24. Sri Lanka Broadcasting Corporation
25. Sri Lanka Transport Board
26. Swamy Vipulananda Institute of Aesthetic Studies
27. Tea Shakthi Fund
28. Telecommunications Regulatory Commission of Sri Lanka
29. University of Sabaragamuwa

30. Universities Pension Fund & Provident Fund
31. University of Visual & Performing Arts

Institutions which had not tabled the 2010 Annual Report

(As at 30.06.2013)

01. Botanical Garden Trust Fund
02. Buddhist & Pali University
03. Central Environmental Authority
04. Ceylon Ceramics Corporation
05. Ceylon Petroleum Corporation.
06. Cooperative Wholesale Establishment
07. Defence Service Command & Staff College
08. Galle Heritage Foundation
09. Gem & Jewellery Research and Training Institute
10. Information & Communication Technology Agency Ltd.
11. Institute of Human Resources Advancement
12. Institute of Technology
13. J.R. Jayawardena Centre
14. Janatha Estate Development Board
15. Lady Lochore Loan Fund
16. Mahapola Higher Education Trust Fund
17. National Centre for Advanced Studies
18. National Council for Road Safety
19. National Gem & Jewellery Authority
20. National Housing Development Authority
21. National Livestock Development Board
22. National Research Council
23. National Secretariat for Persons with Disabilities
24. National Transport Medical Institute
25. National Water Supply & Drainage Board

26. Post Graduate Institute of Agriculture
27. Post graduate Institute of Archeology
28. Post graduate Institute of English
29. Postgraduate Institute of Medicine
30. Provident Fund for Buddhist & Pali University
31. Saumyamoorthi Thondaman Memorial Foundation
32. Sri Lanka Cashew Corporation
33. Sri Lanka Council for Agricultural Research Policy
34. Sri Lanka Foundation
35. Sri Lanka Handicrafts Board
36. Sri Lanka State Plantation Corporation
37. Sri Lanka Broadcasting Corporation
38. Sri Lanka Transport Board
39. State Engineering Corporation
40. Sugarcane Research Institute
41. Swamy Vipulananda Institute of Aesthetic Studies
42. Tea Shakthi Fund
43. Telecommunications Regulatory Commission of Sri Lanka
44. University of Sabaragamuwa
45. Universities Pension Fund & Provident Fund
46. University of Rajarata
47. University of Visual & Performing Arts
48. Uva Wellassa University

16. Capacity Building & Strengthening the Auditor General's Department and the COPE Secretariat.

The need of strengthening and enhancing the capacity of the Auditor General's Department and the COPE secretariat is strongly recommended by the Committee since the efficiency and the effectiveness of the Committee depend on these two important elements to a greater extent. Giving an opportunity to gain experience and knowledge on the practices related to oversight committees in other countries may be instrumental for them to cater a better contribution towards the Committee.

The Committee strongly views that the salary of the Auditor General determined by the Parliament is not in keeping the position of the country's Auditor General and is inconsistent with the constitutional appointment that he hold. The urgent attention of the legislature as well as of the executive is drawn to this grave anomaly. The intervention and initiative of the Hon. Speaker is warranted in this regard

17. Need for a better performance audit on state institutions

It is the view of the Committee that the aspect of performance audit should be extended further in addition to the traditional financial auditing in order to assess the achievement in relation to the economy, efficiency and the effectiveness in the employment of available resources by the public enterprises. The performance audit carried out by the Auditor General's Department in relation to the solid waste management in urban councils, matters related to the Timber Corporation and the environmental issues in consequence of the non-closure of the deserted mines could be noted as commendable initiatives taken by the Auditor General's Department in implementing this new type of audit practiced in many other countries.

Cases referred to the Commission to Investigate Allegations of Bribery or Corruption

The Committee has received reports relating to thirteen (13) cases referred to the Commission to investigate allegations of Bribery or Corruption. Of the 13 cases, ten cases have been disposed of on the ground of inadequacy of evidence. The other three cases are pending under investigation and prosecution.

Increasing the Effectiveness of the COPE

The following measures, on the basis of self evaluation, are recommended to adopt in order to increase the effectiveness of the committee.

1 Publication of COPE Reports

- 1.1.* The COPE will present to Parliament its findings and recommendations every three months. The first reporting period shall be from July to September 2013.
- 1.2.* An Annual report may be made available depending on its necessity.

2. Parliamentary Debate

- 2.1.* An Annual debate will be called for within a month of the release of the COPE annual report.
- 2.2.* Further, the debates will be called for as and when required based on the quarterly report.

3. Notice of COPE Investigations

- 3.1.* The COPE Secretariat will publish the names of institutions that are being listed for COPE scrutiny at least one month before the institution presents itself before the COPE.
- 3.2.* Notwithstanding 3.1 above, the COPE will summon institutions to appear before the Committee at short notice if warranted.

4. Chairman's Sub-Committee

- 4.1.* There will be a Sub-committee comprising at least one member from each party represented in Parliament. The Sub-committee will be headed by the Chairman of the COPE.
- 4.2.* The main functions of the Sub-committee with the assistance of the Secretariat will be to :
 - (a)* Identify institutions for scrutiny. There will be a grading of government institutions by losses, risks undertaken, loss of reputation and strategic importance to country.

- (b) Propose the Agenda to the COPE. The Agenda will include the time table. The frequency of an institution being summoned will be based on its grading as in (a) of 4.2.
- (c) Finalize reports.

4.3. The creation of government institutions outside a Parliament Act will have to be notified to the COPE Secretariat by the relevant Secretary to the Ministry and the Registrar of Companies. The Ministry Secretaries and the Registrar of Companies will be notified.

5. Scrutiny of Institutions will be focused on the following areas amongst others:

- 5.1. Performance against objectives and plans set out by the institutions.
- 5.2. Financial performance.
- 5.3. Compliance with accounting standards, regulations and law.
- 5.4. Governance.
- 5.5. Suitability of Board Members will be evaluated based on :
 - (a) Minimum qualifications and/or experience criteria to be adopted.
 - (b) Specialized knowledge/experience where necessary.
 - (c) Each Board to be profiled for required disciplines and skill levels.
 - (d) The Auditor will submit a compliance report to COPE on the profile of Board Members as per (a), (b), and (c) of 5.5.
- 5.6. Suitability of the Senior Management will be evaluated based on the followings.
 - (a) Senior Management team to be identified by organizational position.
 - (b) A 'fit for job' to be adopted by a Board for CEO and Senior Management.
 - (c) The Auditor will submit a compliance report to the COPE on the 'fit for job' criteria for Senior Management as per (a) and (b) of 5.6.
 - (d) Ensuring sufficient resources are allocated for human resource training and that the key functions are covered.

6. On-the-Spot Investigations:

As and when it is necessary, the Committee will make On-the-spot inspections into select-ed institutions to get a broader understanding on the matters needed to be investigated. Initiating this practice, the Committee has already made On-the-spot investigations into the Sri Jayawardenapura Hospital ,Institute of Tourism and Hotel Management and on the directive of the Committee the Auditor General had made a special investigation into the matter related to the import of contaminated fuel by the Ceylon Petroleum Corporation of which the report had already been submitted to the Hon. Speaker.

7. Follow up Action

- 7.1. The COPE will specify legal, disciplinary, recovery and corrective actions immediately on completion of the meeting with the institution.
- 7.2. The commitment on each action will be tied to a time frame.
- 7.3. The Secretariat will make presentations to the COPE on the progress to follow up action at a special meeting convened each quarter.

8. Those found wanting for further investigation on fraud, cheating and corruption to be :

- 8.1. Brought before COPE for detailed investigation.
- 8.2. Referred to the relevant Ministry for action.
- 8.3. Where appropriate, referred to the Anti Bribery and Corruption Commission.
- 8.4. Where action had been taken under 8.1. and 8.2. ,information will be provided to Parliament.

9. Information for a comprehensive understanding by Members of the COPE

- 9.1. The COPE Secretariat will coordinate information to be made available to Members at least one week ahead of a meeting.
- 9.2. The information must include :
 - (a) The Auditor General's reports
 - (b) Relevant media/public reports
 - (c) Relevant information from the House of Parliament
 - (d) Any other relevant information.

10. Data Bank

To increase the comparative understanding of members, immediate steps will be taken to set up a data bank or outsource the requirements of a data bank so that the institutions can be evaluated in a comparative landscape for better performance.

Financial Results of Examined Institutions

As reported by the Auditor General, the financial results of the examined institutions for the years of 2010 and 2011 are given below based on the following categorization.

Loss/profit of Limited Liability Companies and Strategic Business Enterprises

- **Table 2** : Institutions running at a loss in 2011
- **Table 3** : Institutions with either profit in 2010 turned into loss in 2011 or increased the loss in 2011 as compared with 2010
- **Table 4** : Institutions which incurred losses in 2010 but turned into profits in 2011 showing better financial performance
- **Table 5** : Institutions with either profit increased or loss decreased in 2011 as compared with 2010
- **Table 6** : Institutions with profits decreased in 2011 as compared with the year 2010
- **Table 7** : Institutions with continuous losses for the years 2009, 2010 and 2011

Deficit/Surplus of Non Commercial Public Enterprises

- **Table 8** : Institutions turned into deficits in 2011 from excesses in 2010 or increased their deficits in 2011 as compared with 2010
- **Table 9** : Institutions running at deficits in 2011
- **Table 10** : Institutions continuously running at deficits for the years 2009, 2010 & 2011
- **Table 11** : Institutions which incurred deficits in 2010 but turned into excess in 2011 or increased their excess in 2011 as compared with 2010
- **Table 12** : Institutions which decreased their deficits in 2011 as compared with 2010
- **Table 13** : Institutions which decreased their surplus in 2011 as compared with 2010

Based on the nature of incorporation, the institutions found under each category had been assigned with the following abbreviations.

- **LLC** - Limited Liability Company
- **SBE** - Strategic Business Enterprise
- **RMI** - Regulatory & Monitoring Institution
- **UTI** - Universities, Research and Other Training Institutions
- **DNP** - Other Development & Non - Profit Oriented Institutions

Loss/profit of Limited Liability Companies and Strategic Business Enterprises

Table 2: Institutions running at a loss in 2011

No.	Name of the Entity	Type	2011 Rs. '000
01.	Ceylon Electricity Board	SBE	(19,265,543)
02.	Ceylon Fisheries Corporation	SBE	(68,970)
03.	Ceylon Petroleum Corporation	SBE	(94,508,394)
04.	Elkaduwawa Plantation Ltd.	LLC	(29,734)
05.	Kantale Sugar Industries Ltd	LLC	(100,152)
06.	Lakdiva Engineering Co. Pvt. Ltd.	LLC	(5,300)
07.	Lanka Salusala Ltd	LLC	(25,654)
08.	Mihin Lanka Ltd.	LLC	(940,489)
09.	MILCO Ltd	LLC	(215,521)
10.	National Paper Co. Ltd.	LLC	(73,713)
11.	Sri Lanka Ceramics Corporation	SBE	(104,173)
12.	Sri Lanka State Plantation Corporation	SBE	(52,413)
13.	Sri Lanka Rubber manufact. Export Corp.	SBE	(2,729)
14.	Sri Lankan Air Lines Ltd	LLC	(17,161,040)
15.	State Trading Wholesale Estab. Co Ltd.	LLC	(4,403)

Table 3: Institutions with either profit in 2010 turned into loss in 2011 or increased the loss in 2011 as compared with 2010

No.	Name of the Entity	Type	2011 Rs. '000	2010 Rs. '000
01.	Ceylon Electricity Board	SBE	(19,265,543)	4,831,985
02.	Ceylon Fisheries Corporation	SBE	(68,970)	(59,424)
03.	Ceylon Petroleum Corporation	SBE	(94,508,394)	(26,922,820)
04.	Elkaduwawa Plantation Ltd.	LLC	(29,734)	(4,407)
05.	Kantale Sugar Industries Ltd	LLC	(100,152)	(9,717)
06.	Lakdiva Engineering Co. Pvt. Ltd.	LLC	(5,300)	3,879
07.	Lanka Salusala Ltd	LLC	(25,654)	(17,098)

No.	Name of the Entity	Type	2011 Rs. '000	2010 Rs. '000
08.	MILCO Ltd	LLC	(215,521)	110,663
09.	Sri Lanka Ceramics Corporation	SBE	(104,173)	(77,259)
10.	Sri Lanka State Plantation Corporation	SBE	(52,413)	(14,175)
11.	Sri Lankan Air Lines Ltd	LLC	(17,161,040)	(377,750)
12.	State Trading Wholesale Estab. Co Ltd.	LLC	(4,403)	(3,011)

Table 4: Institutions which incurred losses in 2010 but turned into profits in 2011 showing better financial performance

No.	Name of the Entity	Type	2011 Rs. '000	2010 Rs. '000
01.	Agricultural & Agrarian Insurance Board	SBE	87,675	(147,407)
02.	Associated Newspapers of Ceylon Ltd.	LLC	14,036	(359782)
03.	B.C.C Lanka Ltd	LLC	7,318	(23,184)
04.	National Water Supply and Drainage Board	SBE	474,466	(5,849,894)
05.	Paddy Marketing Board	SBE	264,126	(346,747)
06.	Sri Lanka Cashew Corporation	SBE	20,449	(15,055)
07.	Sri Lanka Ports Authority	SBE	782,231	(1,248,134)
08.	Sri Lanka Tea Board	SBE	17,851	(24,502)
09.	Urban Development Authority	SBE	242,576	(275,887)

Table 5: Institutions with either profit increased or loss decreased in 2011 as compared with 2010

No.	Name of the Entity	Type	2011 Rs. '000	2010 Rs. '000
01	Airport & Aviation Services Ltd.	LLC	3,121,000	1,865,000
02	Ayurvedic Drugs Corporation	SBE	63,879	6,016
03	Bank of Ceylon	SBE	15,545,765	10,052,569
04	Central Bank of Sri Lanka	SBE	47,431,799	12,635,220
05	Ceylon Fertilizer Co Ltd.	LLC	95,407	73,979
06	Development Lotteries Board	SBE	1,318,519	937,913

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No.	Name of the Entity	Type	2011 Rs. '000	2010 Rs. '000
07	Housing Devp.and Financial Cooperation Bank	SBE	414,288	188,907
08	Hingurana Sugar Industries Ltd	LLC	36	-
09	Independent Television Network & Lakhandu Radio Ltd.	LLC	682,002	495,231
10	Kahatagaha Grapite Lanka Ltd.	LLC	37,769	1,486
11	Kurunegala Plantation Ltd.	LLC	225,163	154,529
12	Lanka Minerals Sand Ltd.	LLC	1,109,569	678,362
13	Lanka Phosphate Ltd	LLC	201,418	126,001
14	Mantai Salt Ltd	LLC	3,876	254
15	Mihin Lanka (Pvt) Ltd.	LLC	(940,489)	(1,221,378)
16	National Film Corporation	SBE	2,418	784
17	National Lotteries Board	SBE	395,982	263,031
18	National Paper Co. Ltd.	LLC	(73,713)	(212,193)
19	National Institute of Business Management	SBE	300,329	111,752
20	National Livestock Development Board	SBE	250,195	178,945
21	Paranthan Chemicals Ltd	LLC	31,624	22,223
22	People's Bank	SBE	15,310,666	8,771,077
23	Rakna Arakshana Lanka Ltd.	LLC	318,293	131,819
24	Regional Development Bank	SBE	1,478,582	809,668
25	Sri Lanka Export Credit Insurance Corporation	SBE	113,249	108,188
26	Sri Lanka Handicrafts Board	SBE	49,629	6,034
27	Sri Lanka Land Reclamation Development Corporation	SBE	398,655	135,581
28.	Sri Lanka Rupavahini Corporation	SBE	172,079	42,120
29.	Sri Lanka Savings Bank Ltd.	LLC	497,528	294,573
30.	Sri Lanka Tea Board	SBE	17,851	(24,502)
31.	Sri Lanka Telecom Ltd.	LLC	6,535,000	5,961,000
32.	Sri Lanka Rubber manufacturing Export Corpo-	SBE	(2,729)	(3,580)
33.	State Engineering Corporation	SBE	252,975	133,063
34.	State Mortgage and Investment Bank	SBE	731,088	638,464

No.	Name of the Entity	Type	2011 Rs. '000	2010 Rs. '000
35.	State Pharmaceuticals Corporation	SBE	515,843	483,775
36.	State Printing Corporation	SBE	133,688	92,128
37.	STC General Trading Co. Ltd	LLC	79,929	58,783
38.	State Development and Construction Corporation	SBE	88,750	22,374

Table 6: Institutions with profits decreased in 2011 as compared with the year 2010

No.	Name of the Entity	Type	2011 Rs. '000	2010 Rs. '000
01.	Board of Investments	SBE	149,987	182,676
02.	Central Engineering Consultancy Bureau	SBE	361,320	666,487
03.	Chillaw Plantation Ltd	LLC	97,125	114,163
04.	Colombo Commercial Fertilizer Limited	LLC	264,860	326,514
05.	Co-operative Wholesale Establishment	SBE	2,029	2,300
06.	Employees Trust Fund Board	SBE	11,570,694	14,588,421
07.	Information & Communication Technology	LLC	9,549	13,903
08.	Kalubovitiyana Tea Factory Ltd.	LLC	30,540	71,657
09.	Lanka Logistics Ltd.	LLC	8,160	10,825
10.	Lanka Sathosa Ltd	LLC	2,029	2,300
11.	Lankaputhra Development Bank Ltd.	LLC	124,395	163,266
12.	National Savings Bank	SBE	8,951,959	9,776,515
13.	North Sea Ltd.	LLC	7,485	8,262
14.	Sri Lanka Cement Corporation	SBE	2,600	5,075
15.	Sri Lanka Insurance Corporation Ltd	LLC	12,020,118	15,130,395
16.	Sri Lanka Broadcasting Corporation	SBE	36,415	38,021
17.	State Pharmaceuticals Manufacturing Corpora-	SBE	244,792	292,317
18.	State Timber Corporation	SBE	603,498	877,623

Table 7: Institutions with continuous losses for the years 2009, 2010 and 2011

No.	Name of the Entity	Type	2011 Rs. '000	2010 Rs. '000	2009 Rs. '000
01.	Ceylon Fisheries Corporation	SBE	(68,970)	(59,424)	(103,889)
02.	Ceylon Petroleum Corporation	SBE	(94,508,394)	(26,922,820)	(11,353,224)
03.	Elkaduwawa Plantation Ltd.	LLC	(29,734)	(4,407)	(62,024)
04.	Janatha Estate Development Board	SBE	(257,824)	(110,337)	(225,075)
05.	Janatha Fertilizer Enterprise Ltd	LLC	-	(13,972)	(105,072)
06.	Kantale Sugar Industries Ltd	LLC	(100,152)	(9,717)	(13,720)
07.	Lanka Salusala Ltd	LLC	(25,654)	(17,098)	-
08.	Mihin Lanka Ltd.	LLC	(940,489)	(1,221,378)	(1,300,470)
09.	National Paper Co. Ltd.	LLC	(73,713)	(212,193)	(121,360)
10.	Sri Lanka Transport Board	SBE	-	(2,120,389)	(1,611,702)
11.	Sri Lanka Ceramics Corporation	SBE	(104,173)	(77,259)	(63,010)
12.	Sri Lanka Rubber manufacturing Export Corporation	SBE	(2,729)	(3,580)	(4,951)
13.	Sri Lankan Air Lines Ltd	LLC	(17,161,040)	(377,750)	(2,673,910)
14.	State Trading Wholesale Estab-	LLC	(4,403)	(3,010)	(3,245)

Deficit/Surplus of Non Commercial Public Enterprises***Table 8: Institutions turned into deficits in 2011 from excesses in 2010 or increased their deficits in 2011 as compared with 2010***

No.	Name of the Entity	Type	2011 Rs. '000	2010 Rs. '000
01.	Ayurvedic Medical Council	RMI	(1,354)	983
02.	Buddasarawaka Bikku University	UTI	(14,854)	(10,902)
03.	Buddhist & Pali University of Sri Lanka	UTI	(62,153)	(43,168)
04.	Ceylon Fisheries Harbour Corporation	DNP	(190,648)	(164,315)
05.	Coconut Development Authority	DNP	(13,851)	19,015
06.	Condominium Management Authority	RMI	(18,952)	42
07.	Eastern University	UTI	(59,498)	(55,510)
08.	Sri Lanka Export Development Board	DNP	(19,490)	155,272
09.	Galle Heritage Foundation	DNP	(599)	486
10.	Gampaha Wickramarachchi Ayurveda Institute	UTI	(9,535)	(1,646)
11.	Institute of Fundamental Studies	UTI	(14,573)	(7,154)
12.	Institute of Human Resource Advancement	UTI	(2,531)	902
13.	Institute of Post Harvest Technology	UTI	(14,336)	(6,585)
14.	Local Loans & Development Fund	DNP	(45,777)	21,359
15.	National Apprentice & Industrial Training Authority	UTI	(75,837)	(5,008)
16.	National Aquaculture Development Authority	DNP	(25,754)	(25,249)
17.	National Aquatic Resources Research & Development Authority	UTI	(41,313)	(39,167)
18.	National Centre for Advance Studies in humanities and Social Science	UTI	(149)	436
19.	National Council For Elders	RMI	(1,654)	948
20.	National Dangerous Drugs Control Board	RMI	(18,677)	(14,874)
21.	National Designs Centre	UTI	(922)	2,385
22.	National Institute of Co-operative Development	UTI	(9,913)	(7,301)
23.	National Institute of Plantation Management	UTI	(4,362)	1511
24.	National Institute of Social Development	UTI	(9,446)	(7,597)
25.	National Research Council	UTI	(18,148)	(14,903)

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No.	Name of the Entity	Type	2011 Rs. '000	2010 Rs. '000
26.	National Science and Tech. Commission	RMI	(808)	776
27.	National Science Foundation	UTI	(4,659)	4,721
28.	National Engineering Research and Development Center of Sri Lanka	UTI	(24,792)	(6,250)
29.	National Institute of Fisheries and nautical Engineering	UTI	(32,419)	(13,640)
30.	Postgraduate Institute of Archeology University of Kelaniya	UTI	(4,046)	3,597
31.	Postgraduate Institute of Management	UTI	(1,048)	59,079
32.	Postgraduate Institute of Medicine	UTI	(11,119)	27,350
33.	Road Development Authority	DNP	(396,816)	(154,887)
34.	Rubber Research Board	UTI	(62,934)	(50,533)
35.	Saumyamoorthi Thondaman Memorial Foundation	UTI	(38,065)	(11,512)
36.	Sri Lanka Council for Agricultural Research Policy	UTI	(8,902)	(8,141)
37.	Sri Lanka National Freedom from Hunger Campaign Board	DNP	(6,472)	315
38.	Sri Lanka Institute of Advanced Technological Education	UTI	(101,085)	(87,810)
39.	Sri Lanka inventers Commission	RMI	(7,676)	(7,472)
40.	Sri Lanka Social Security Board	RMI	(15,297)	(8,766)
41.	Southern Development Authority	DNP	(26,406)	(8,673)
42.	Swamy Vipulananda Institute of Aesthetic Studies	UTI	(1,935)	(1,485)
43.	Supreme Court Complex Board	DNP	(1,232)	(845)
44.	Sustainable Energy Authority	RMI	(30,632)	7,024
45.	Tea Research Board	UTI	(26,816)	2,424
46.	Tea Shakthi Fund	DNP	(84,402)	(28,520)
47.	Tea Small Holdings Development Authority	DNP	(12,707)	(4,525)
48.	Thurusaviya Fund	DNP	(3,294)	(1,390)
49.	Tower Hall Theatre Foundation	DNP	(11,657)	(8,456)
50.	University of Sabaragamuwa	UTI	(131,451)	(60,788)
51.	University of Sri Jayawardenapura	UTI	(109,829)	(37,462)

No.	Name of the Entity	Type	2011 Rs. '000	2010 Rs. '000
52.	University of Peradeniya	UTI	(348,897)	(174,526)
53.	University of Wayamba	UTI	(100,533)	(91,495)
54.	University of Ruhuna	UTI	(212,917)	(211,649)
55.	University of Vocational Technology	UTI	(6,844)	(2,938)
56.	University of Uva - Welassa	UTI	(2,487)	2,450
57.	Vocational Training Authority of Sri Lanka	UTI	(18,334)	1,734
58.	Water Resources board	UTI	(11,196)	7,135
59.	Fishermen's Pension Social Security Benefit Scheme	DNP	(157,378)	(118,098)
60.	Sri Jayawardenapura Hospital Board	DNP	(19,253)	60,186

Table 9: Institutions running at deficits in 2011

No.	Name of the Entity	Type	2011 Rs. '000
01.	Ayurvedic Medical Council	RMI	(1,354)
02.	Buddasawaka Bikku University	UTI	(14,854)
03.	Buddhist & Pali University of Sri Lanka	UTI	(62,153)
04.	Ceylon Fisheries Harbour Corporation	DNP	(190,648)
05.	Ceynor Foudation	DNP	(15,883)
06.	Coconut Development Authority	DNP	(13,851)
07.	Coconut Research Institute	UTI	(7,998)
08.	Condominium Management Authority	RMI	(18,952)
09.	Defence Service Command and Staff college	UTI	(2,017)
10.	Farmers Pension Social Security Benefit Scheme	DNP	(3,617,570)
11.	Fishermen's Pension Social Security Benefit Scheme	DNP	(157,398)
12.	Eastern University	UTI	(59,498)
13.	Sri Lanka Export Development Board	DNP	(19,490)
14.	Galle Heritage Foundation	DNP	(599)
15.	Gampaha Wickramarachchi Ayurveda Institute	UTI	(9,535)
16.	Hector Kobbekaduwa Agrarian Research & Training Institute	UTI	(13,010)

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No.	Name of the Entity	Type	2011 Rs. '000
17.	Industrial Development Board	DNP	(6,757)
18.	Institute of Construction Training and Development	RMI	(77,929)
19.	Institute of Fundamental Studies	UTI	(14,573)
20.	Institute of Human Resource Advancement	UTI	(2,531)
21.	Institute of Indigenous Medicine	UTI	(25,848)
22.	Institute of Post Harvest Technology	UTI	(14,336)
23.	Insurance Board of Sri Lanka	RMI	(27,251)
24.	Local Loan Development Fund	DNP	(45,778)
25.	Mahaweli Authority of Sri Lanka	DNP	(150,432)
26.	National Apprentice & Industrial Training Authority	UTI	(75,837)
27.	National Aquaculture Development Authority	DNP	(25,754)
28.	National Aquaculture Resources Research & Development Authority	UTI	(41,313)
29.	National Centre for Advance Studies in humanities and Social Science	UTI	(149)
30.	National Council For Elders	RMI	(1,654)
31.	National Crafts Council	RMI	(2,267)
32.	National Dangerous Drugs Control Board	RMI	(18,677)
33.	National Designs Centre	UTI	(922)
34.	National Housing Development Authority	DNP	(518,293)
35.	National Institute of Co-operative Development	UTI	(9,913)
36.	National Institute of Library Information Science Affiliated to the University of Colombo	UTI	(1,332)
37.	National Institute of Plantation Management	UTI	(4,362)
38.	National Institute of Social Development	UTI	(9,446)
39.	National Research Council	UTI	(18,148)
40.	National Science and Technology Commission	RMI	(808)
41.	National Science Foundation	UTI	(4,659)
42.	National Youth Services Council	RMI	(48,752)
43.	National Engineering Research and Development Cen-	UTI	(24,792)

No.	Name of the Entity	Type	2011 Rs. '000
44.	National Institute of Fisheries and nautical Engineering	UTI	(32,419)
45.	Palmyrah Development Board,	DNP	(3,146)
46.	Postgraduate Institute of Archeology University of Kelaniya	UTI	(4,046)
47.	Postgraduate Institute of Management	UTI	(1,048)
48.	Postgraduate Institute of Medicine	UTI	(11,119)
49.	Road Development Authority	DNP	(396,816)
50.	Rubber Research Board	UTI	(62,934)
51.	Samurdhi Authority of Sri Lanka	DNP	(959,997)
52.	Saumyamoorthi Thondaman Memorial Foundation	UTI	(38,065)
53.	Security and Exchange Commission	RMI	(184,994)
54.	Sri Lanka Council for Agricultural Research Policy	UTI	(8,902)
55.	Sri Lanka National Freedom from Hunger Campaign Board	DNP	(6,472)
56.	Sri Lanka German Technical Training Institute	UTI	(12,820)
57.	Sri Lanka Institute of Advanced Technological Education	UTI	(101,085)
58.	Sri Lanka inventers Commission	RMI	(7,676)
59.	Sri Lanka Press Council	RMI	(877)
60.	Sri Lanka Social Security Board	RMI	(15,297)
61.	Southern Development Authority	DNP	(26,406)
62.	Sri Jayawardhanapura Hospital Board	DNP	(19,253)
63.	Sugathadasa National Sport Complex Authority	DNP	(75,549)
64.	Supreme Court Complex Board	DNP	(1,232)
65.	Sustainable Energy Authority	RMI	(30,632)
66.	Tea Research Board	UTI	(26,816)
67.	Tea Shakthi Fund	DNP	(84,402)
68.	Tea Small Holdings Development Authority	DNP	(12,707)
69.	Thurusaviya Fund	DNP	(3,294)
70.	Tower Hall Theatre Foundation	DNP	(11,657)
71.	University of Sabaragamuwa	UTI	(131,451)

No.	Name of the Entity	Type	2011 Rs. '000
72.	University of Sri Jayawardenapura	UTI	(109,829)
73.	University of Peradeniya	UTI	(348,897)
74.	University of Wayamba	UTI	(100,533)
75.	University Grant Commission	RMI	(4,226)
76.	University of Jaffna	UTI	(60,290)
77.	University of Moratuwa	UTI	(32,113)
78.	University of Rajarata	UTI	(150,924)
79.	University of Ruhuna	UTI	(212,917)
80.	University of Vocational Technology	UTI	(6,844)
81.	University of Uva -Welassa	UTI	(2,487)
82.	Vocational Training Authority of Sri Lanka	UTI	(18,334)
83.	Water Resources board	UTI	(11,196)
84.	Wijaya Kumaratunga Memorial Hospital	DNP	(3,944)

Table 10: Institutions continuously running at deficits for the years 2009,2010 & 2011

No.	Name of the Entity	Type	2011 Rs. '000	2010 Rs. '000	2009 Rs. '000
01.	Buddasawaka Bikku University	UTI	(14,854)	(10,902)	(10,171)
02.	Buddhist & Pall University of Sri Lanka	UTI	(62,153)	(43,168)	(40,998)
03.	Ceylon Fisheries Harbour Corporation	DNP	(190,648)	(164,315)	(212,969)
04.	Ceynor Foudation	DNP	(15,883)	(23,152)	(30,071)
05.	Coconut Research Institute	UTI	(7,998)	(14,741)	(45,847)
06.	Defence Service Command and Staff college	UTI	(2,017)	(25,050)	-
07.	Eastern University	UTI	(59,498)	(55,510)	(71,458)
08.	Farmers Pension Social Security Benefit Scheme	DNP	(3,617,571)	(3,921,268)	(741,312)
09.	Gampaha Wickramarachchi Ayurveda Institute	UTI	(9,535)	(1,646)	(7,077)
10.	Hector Kobbekaduwa Agrarian Research & Training Institute .	UTI	(13,010)	(13,299)	(3,648)

No.	Name of the Entity	Type	2011 Rs. '000	2010 Rs. '000	2009 Rs. '000
11.	Industrial Development Board	DNP	(6,757)	(18,645)	(8,280)
12.	Institute of Construction Training and Development	RMI	(77,929)	(78,446)	(68,150)
13.	Institute of Indigenous Medicine	UTI	(25,848)	(38,842)	(16,768)
14.	Institute of Post Harvest Technology	UTI	(14,336)	(6,585)	(2,942)
15.	Insurance Board of Sri Lanka	RMI	(27,251)	(29,177)	(16,493)
16.	Local Loan Development Fund	DNP	(47,076)	(9,338)	(25,225)
17.	Mahaweli Authority of Sri Lanka	DNP	(150,432)	(475,353)	(437,806)
18.	National Apprentice & Industrial Training Authority	UTI	(75,837)	(5,008)	(95,544)
19.	National Aquaculture Development Authority	DNP	(25,754)	(25,249)	(31,469)
20.	National Aquatic Resources Research & Development Authority	UTI	(41,313)	(39,167)	(30,039)
21.	National crafts Council	RMI	(2,267)	(6,376)	(1,733)
22.	National Dangerous Drugs Control Board	RMI	(18,677)	(14,874)	(4,339)
23.	National Housing Development Authority	DNP	(518,293)	(666,731)	(502,659)
24.	National Institute of Co-operative Development	UTI	(9,913)	(7,301)	(6,173)
25.	National Institute of Library & Information Science - University of Colombo	UTI	(1,332)	(2,575)	(2,173)
26.	National Institute of Social Development	UTI	(9,446)	(7,597)	(9,353)
27.	National Library Documentation Service Board	DNP	-	(3,054)	(3,050)
28.	National Research Council	UTI	(18,148)	(14,903)	(18,279)
29.	National Youth Services Council	RMI	(48,752)	(100,677)	(73,404)
30.	National Engineering Research and Development Centre	UTI	(24,792)	(6,250)	(18,280)
31.	National Institute of Fisheries and nautical Engineering	UTI	(32,419)	(13,640)	(19,149)
32.	Palmyrah Development Board,	DNP	(3,146)	(14,415)	(9,645)
33.	Road Development Authority	DNP	(396,816)	(154,887)	(1,421,808)
34.	Rubber Research Board	UTI	(62,934)	(50,533)	(40,051)
35.	Samurdhi Authority of Sri Lanka	DNP	(959,997)	(2,605,558)	(4,156,196)

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No.	Name of the Entity	Type	2011 Rs. '000	2010 Rs. '000	2009 Rs. '000
36	Saumyamoorthi Thondaman Memorial Foundation	UTI	(38,065)	(11,512)	(1,490)
37	Security and Exchange Commission of Sri Lanka	RMI	(184,994)	(191,085)	(175,020)
38	Sri Lanka Council for Agricultural Research Policy	UTI	(8,902)	(8,141)	(2,754)
39	Sri Lanka German Technical Training Institute	UTI	(12,820)	(44,579)	(783)
40	Sri Lanka Institute of Advanced Technological Education	UTI	(101,085)	(87,810)	(65,824)
41	Sri Lanka inventers Commission	RMI	(7,676)	(7,472)	(22,953)
42	Sri Lanka Social Security Board	RMI	(15,297)	(8,766)	(2,072)
43	South Eastern University	UTI	(56,672)	(92,208)	(49,410)
44	Sugathadasa National Sport Complex Authority	DNP	(75,549)	(83,323)	(52,129)
45	Supreme Court Complex Board	DNP	(1,232)	(845)	(1,193)
46	Tea Shakthi Fund	DNP	(84,402)	(28,520)	(4,730)
47	Tea Small Holdings Development Authority	DNP	(12,707)	(4,525)	(28,366)
48	Thurusaviya Fund	DNP	(3,294)	(1,390)	(824)
49	University of Sabaragamuwa	UTI	(131,451)	(60,788)	(78,383)
50	University of Sri Jayawardenapura	UTI	(109,829)	(37,462)	(16,473)
51	University of Peradeniya	UTI	(348,897)	(174,526)	(153,766)
52	University of Wayamba	UTI	(100,533)	(91,495)	(70,801)
53	University of Jaffna	UTI	(60,290)	(74,907)	(37,149)
54	University of Moratuwa	UTI	(32,113)	(39,435)	(93,465)
55	University of Rajarata	UTI	(150,924)	(173,100)	(117,597)
56	University of Ruhuna	UTI	(212,917)	(211,649)	(232,687)
57	University of Vocational Technology	UTI	(6,844)	(2,938)	(3,820)
58	Wijaya Kumaratunga Memorial Hospital	DNP	(3,944)	(6,510)	(3,547)

Table 11: Institutions which incurred deficits in 2010 but turned into excess in 2011 or increased their excess in 2011 as compared with 2010

No.	Name of the Entity	Type	2011 Rs. '000	2010 Rs. '000
01.	Atomic Energy Authority	RMI	3,298	(618)
02.	Botanical Garden Trust Fund	DNP	74,466	6,597
03.	Central Cultural Fund	DNP	235,010	207,471
04.	Civil Aviation Authority	RMI	428,898	385,125
05.	Coconut Cultivation Board	DNP	186,511	169,220
06.	National Council for Disaster Management & Disaster Management Center	RMI	20,040	(52,450)
07.	Gem & Jewellery Research & Training Institute	UTI	383	(779)
08.	Geological Survey and Mines Bureau	RMI	618,549	469,504
09.	Homeopathic Medical Council	RMI	75	(383)
10.	Industrial Technology Institute	UTI	59,319	54,631
11.	Institute of Bio chemistry Molecular Biology & Biotechnology University of Colombo	UTI	494	(2,369)
12.	Institute of Policy Studies	UTI	343	(26,294)
13.	Institute of Technology University of Moratuwa	UTI	4,834	(758)
14.	Sri Lanka Inst. of Tourism & Hotel Management	UTI	55,649	38,675
15.	Lady Lohore Loan Fund	DNP	33,367	19,891
16.	Land Reform Commission	RMI	61,890	10,222
17.	Land Survey Council	RMI	1,051	(1,580)
18.	Marine Environment Protection Authority	RMI	142	(46)
19.	National Building Research Organization	RMI	15,407	1,110
20.	National Child protection Authority	RMI	6,827	(1,578)
21.	National Council For Road Safety	RMI	21,878	14,668
22.	National Enterprises Development Authority	DNP	508	(1,800)
23.	National Gem and Jewellery Authority	RMI	27,812	(32,966)
24.	National Institute of Education	UTI	41,078	(48,544)
25.	National Institute of Language Education & Training	UTI	997	(3,869)
26.	National Transport Commission	RMI	192,801	68,003

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No.	Name of the Entity	Type	2011 Rs. '000	2010 Rs. '000
27.	Open University of Sri Lanka	UTI	22,671	(130,145)
28.	Postgraduate Institute of English	UTI	1,710	826
29.	Postgraduate Institute of Science	UTI	22,346	19,639
30.	Public Utilities Commission	RMI	55,978	20,726
31.	Rana Viru Seva Authority	RMI	11,403	10,238
32.	Rehabilitation of person's properties and industries authority	RMI	4,217	2,138
33.	Resettlement Authority	RMI	460	51
34.	Salacine Television Institute	DNP	7,539	1,014
35.	Sir John Kotalawala Defence University	UTI	20,889	(2,058)
36.	SL Accreditation Board For Conformity Asses.	DNP	1,377	(359)
37.	Sri Lanaka Cricket	DNP	594,673	430,860
38.	Sri Lanka Foreign Employment Bureau	RMI	606,361	591,077
39.	Sri Lanka Foundation Institute	UTI	6,251	(14,886)
40.	Sri Lanka Institute of Development Admini.	UTI	641	481
41.	Sri Lanka Institute of Local Governance	UTI	2,882	2,255
42.	Sri Lanka Institute of Textile and Apparel	UTI	13,935	(685)
43.	Sri Lanka Judges Institute	UTI	2,581	1,135
44.	Sri Lanka Standards Institute	RMI	101,032	95,957
45.	Sri Lanka Tourism Development Authority	DNP	132,207	72,274
46.	Sri Lanka Tourism Promotion Bureau	DNP	658,412	14,828
47.	Telecommunication Regulatory Commission of Sri Lanka	RMI	31,160,506	5,378,271
48.	Tertiary and Vocational Education Commission	DNP	399	(1,634)
49.	Universities Provident Fund	DNP	193,543	162,346
50.	University of Colombo	UTI	69,383	57,164
51.	University of Colombo School of Computing	UTI	73,534	41,511
52.	University of Kelaniya	UTI	72,937	(113,862)
53.	University of Visual & Performing Art	UTI	13,066	1,559

Table 12: Institutions which decreased their deficits in 2011 as compared with 2010

No.	Name of the Entity	Type	2011 Rs. '000	2010 Rs. '000
01.	Ceynor Foudation	DNP	(15,883)	(23,152)
02.	Coconut Research Institute	UTI	(7,998)	(14,741)
03.	Defence Service Command and Staff college	UTI	(2,017)	(25,050)
04.	Hector Kobbekaduwa Agrarian Research & Training Institute	UTI	(13,010)	(13,299)
05.	Industrial Development Board	DNP	(6,757)	(18,645)
06.	Institute of Construction Training and Development	RMI	(77,929)	(78,446)
07.	Institute of Indigenous Medicine	UTI	(25,848)	(38,842)
08.	Insurance Board of Sri Lanka	RMI	(27,251)	(29,177)
09.	Mahaweli Authority of Sri Lanka	DNP	(150,432)	(475,353)
10.	National crafts Council	RMI	(2,267)	(6,376)
11.	National Housing Development Authority	DNP	(518,293)	(666,731)
12.	National Institute of Library Information Science Affilited to the University of Colombo	UTI	(1,332)	(2,575)
13.	National Youth Services Council	RMI	(48,752)	(100,677)
14.	Palmyrah Development Board,	DNP	(3,146)	(14,415)
15.	Samurdhi Authority of Sri Lanka	DNP	(959,997)	(2,605,558)
16.	Security and Exchange Commission	RMI	(184,994)	(191,085)
17.	Sri Lanka German Technical Training Institute	UTI	(12,820)	(44,579)
18.	Sri Lanka Press Council	RMI	(877)	(889)
19.	Sugathadasa National Sport Complex Authority	DNP	(75,549)	(83,323)
20.	University of Jaffna	UTI	(60,290)	(74,907)
21.	University of Moratuwa	UTI	(32,113)	(39,435)
22.	University of Rajarata	UTI	(150,924)	(173,100)
23.	Wijaya Kumaratunga Memorial Hospital	DNP	(3,944)	(6,510)
24.	Farmers Pension Social Security Benefit Scheme	DNP	(3,617,571)	(3,921,268)

Table 13: Institutions which decreased their surplus in 2011 as compared with 2010

No.	Name of the Entity	Type	2011 Rs.'000	2010 Rs.'000
01.	Athur C Clerk Center for modern Technology	UTI	3,578	5,865
02.	Central Environmental Authority	RMI	6,305	8,871
03.	Consumer Affairs Authority	RMI	12,618	21,764
04.	Hadabima Authority of sri Lanka	DNP	1,313	9,977
05.	JR Jayawardena Centre	UTI	1,204	3,604
06.	Mahapola Higher Education Trust Fund	DNP	389,544	433,764
07.	National Fund for Persons with Disabilities	DNP	390	6,223
08.	National Human Resources development Council	RMI	1,084	1,563
09.	National Insursance Trust Fund	DNP	2,314,700	2,727,559
10.	National Transport Medical Institute	DNP	45,669	81,672
11.	Postgraduate Institute of Agriculture	UTI	17,216	19,771
12.	Postgraduate Institute of Pali & Buddhist	UTI	681	3,735
13.	Sri Lanka Book Development Council	DNP	(321)	2,647
14.	Sri Lanka Buddhist & Pali University Provident Fund	UTI	5,038	5,490
15.	Sri Lanka Convention Bureau	DNP	8,050	33,714
16.	Sri Lanka Institute of Tourism and Hotel Management	UTI	55,649	38,675
17.	Udarata Development Authority	DNP	5,679	7,562

Institutions Offered with Unfavourable Audit Opinions

The institutions mentioned in **Table 14** had been given an adverse audit opinion for the financial years tabulated in and the **table 15** shows the institutions offered with a disclaimer audit opinion .

Table 14. Institutions offered with an adverse audit opinion

No	Institution	Audit Year
01.	Sri Lanka Council for Agricultural Research Policy	2010
02.	Institute of Indigenous Medicine	2011
03.	National Library & Documentation Services Board	2010
04.	Open University of Sri Lanka	2011

Table 15. Institutions offered with a disclaimer audit opinion.

No	Institution	Audit Year
01.	Colombo Commercial Fertilizer Limited	2011
02.	Ceylon Fisheries Harbour Corporation	2010
03.	Saumyamoorthi Thondaman Memorial Foundation	2010 & 2011
04.	University of Kelaniya	2010
05.	Open University of Sri Lanka	2010
06.	University of Peradeniya	2010 & 2011
07.	Postgraduate Institute of Agriculture	2010 & 2011
08.	Janatha Estate Development Board	2010 & 2011
09.	Sri Lanka State Plantation Corporation	2010 & 2011
10.	Ayurvedic Drugs Corporation	2010 & 2011
11.	Vocational Training Authority of Sri Lanka	2010 & 2011
12.	Land Reform Commission	2010 & 2011
13.	Ceylon Petroleum Corporation	2010
14.	Mahaweli Authority of Sri Lanka	2010 & 2011
15.	National Youth Services Council	2010 & 2011
16.	National Institute of Fisheries and Nautical Engineering	2010 & 2011
17.	Co-operative Wholesale Establishment	2010
18.	Paddy Marketing Board	2010

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Appendix A

**Issues discussed at the Meetings of the Main Committee
of
the Committee on Public Enterprises.**

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
Atomic Energy Authority October 09th, 2012 (Ministry of Power & Energy)	<ol style="list-style-type: none"> 1. The Committee questioned about the radiation testing done for food items. 2. when the food items were tested for radiation, only the samples given by the Health Ministry had been tested by the AEA. 3. Due to the delay in the implementation of the Multi-purpose Gamma irradiation Facility (MGIF) project, donation allocated by the International Atomic Energy Authority (IAEA) for staff training had not been received. 	<ol style="list-style-type: none"> 1. It was stated that all the milk products, fish, canned fish, etc. imported to the country were tested for radiation, and only after verification AEA issue the certificate to the importer. The CAO/AO was directed to take action to publish the items that had been contaminated with radiation to make aware the general public. 2. It was directed to add a para to the new Act which was being prepared so that to get the power vested in the Authority to collect and check random samples. 3. It was directed to expedite the construction work and implement the project.
State Timber Corporation October 10th, 2012 (Ministry of Environment) Contd...	<ol style="list-style-type: none"> 1. Internal Audit Reports had not been furnished to the Auditor General. 2. The Committee enquired the current position regarding the undervaluation of imported timber. 	<ol style="list-style-type: none"> 1. The CAO/AO agreed to submit all the internal audit reports as well as the Audit & Management Committee Reports to the audit. 2. the CAO/AO stated that no certificate was issued on the standard of the imported timber and the Corporation had requested the line Ministry and the Ministry of Finance to provide the

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	<p>3. The Committee observed that a loss of Rs. 580,896/- had incurred due to non-awarding of the contract of 12 stacking huts to the lowest tenderer. The CAO/AO stated that the tenders had been called only for the Mirigama Depot, but in addition stacking huts had been obtained for 11 such depots in the outstation, where they had to pay Rs. 48,000/- as transport charges.</p>	<p>authority to the Corporation to issue such certificate on the standard of the imported timber. The CAO/AO was directed to take action to make provisions to the Act accordingly.</p> <p>3. The Committee directed the CAO/AO to submit a detailed report to the Auditor General explaining the matter.</p>
<p>National Savings Bank</p> <p>October 11th, 2012</p> <p>(Ministry of Finance & Planning)</p>	<p>1. The Rs. 390 million had been invested in “The Finance Company” which was in a negative return on a decision taken by a Sub-committee of the Board of Directors.</p>	<p>1. It was directed to conduct an internal inquiry and submit all relevant documents with regard to the Board decision to the Committee.</p> <p>* Committee decision had been taken to summon the former Chairman, NSB and the then Board of Directors.</p> <p>* The Committee directed the CAO to issue guidelines to all the Treasury Officials working on the Director Boards, to keep him informed immediately when any Board of Directors of Public Enterprises planning to take a</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
Contd...	<p>2. Procurement Plan had not been prepared by the Bank.</p> <p>3. Frauds amounting to Rs. 19 million and Rs. 17 million had taken place in the years 2010 and 2011 respectively in various branch offices.</p> <p>4. It was observed that 59 branches of the Bank had been running at a loss.</p> <p>5. One particular land had been valued in three instances and granted 03 loans amounting to Rs. 12 million to an individual.</p>	<p>decision on a transaction which could be unusual or unhealthy to the respective Institution.</p> <p>2. The CAO/AO agreed to prepare a procurement plan from the next year.</p> <p>3. Out of Rs. 19 million, Rs. 8 million had been recovered and another Rs. 2.5 million had been received from the Insurance Company for the fraud in Bandarawela Branch. The CAO/AO stated that full amount of losses could be recovered for the fraud occurred in Galle Branch. He further stated that action had been taken against the responsible officers for these frauds.</p> <p>4. The CAO/AO stated that awareness programmes/workshops had been conducted to branch managers to make those branches profitable.</p> <p>5. Out of the total amount Rs. 6.1 million and Rs 0.9 million had been settled in the years 2011 and 2012 respectively. The CAO/AO stated that if the receiver of loans defaults the payments action would be taken to auction the property to obtain the balance payment.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	<p>6. The Committee questioned about the year 2013 forecast of the Bank.</p>	<p>6. The CAO/AO stated that they had planned to achieve the following targets;</p> <p>(i) To increase the No. of branches from 216 to 250.</p> <p>(ii) Savings to be increased from 18 percent to 23 percent in another four years,</p> <p>(iii) To increase the No. of housing loans from 6000 to 8200</p> <p>(iv) To increase the foreign remittances from Rs. 12 billion to Rs. 20 billion.</p> <p>(v) To increase the investments in the Treasury Bills and Bonds upto Rs. 135 billion and the expected profit for the year 2013 is Rs. 6.7 billion.</p>
<p>Associated Newspapers of Ceylon Ltd.</p> <p>October 12th 2012</p> <p>(Ministry of Mass Media & Information)</p> <p>Contd...</p>	<p>1. It was brought to the notice of the Committee that the officials of the Auditor General's Department had found it difficult at times in obtaining certain required information owing to a circular issued by the company secretary regarding the information furnished to external parties.</p> <p>2. The Committee questioned about the outstanding debt or balances connected with publishing of advertisements on credit basis.</p>	<p>1. The Committee wanted the CAO/AO to take necessary action to ensure that the activities of the officers of the Auditor General's Department be unaffected by the said circular.</p> <p>2. The CAO stated that they had been able to bring down the bad debt percentage below 0.01%. He was directed to send a report on this matter to the Committee.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
Contd...	<p>3. The sales of newspapers had decreased by 8% while the advertising revenue had increased by 4%.</p> <p>4. It was seriously considered the fact that ANCL had not been able to maintain a balance reporting in newspapers with regard to political matters and further noted that this factor must have significantly affected the sales of news- papers.</p> <p>5. Rs.20,472,934/- payable by a private printing press for the printing papers obtained on contract basis, had not been recovered.</p> <p>6. The Committee also noted that the 95,410 kg of printing papers given to another private printing press in 2010 had not been returned to the ANCL.</p>	<p>3. The CAO/AO stated that the introduction of the electronic media, internet, other tabloids available for accessing information and the contents of the ANCL's newspapers, had created this situation. He was directed to send the information with regard to the proportions allocated for the government and the private sector for publishing advertisements.</p> <p>4. The CAO/AO was directed to formulate an editorial policy.</p> <p>5. As the CAO/AO stated that the institution had agreed to settle a portion in the following week and also to furnish a payment plan to settle the balance, directed the CAO/AO to submit a copy of the same to the Committee having expressed its dissatisfaction for not taking adequate action for nearly three years.</p> <p>6. The CAO/AO was directed to send information on this transaction to the Committee and pointed out the importance of entering into agreements in the event of such urgent transactions.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	<ol style="list-style-type: none"> 7. No adequate action had been taken since 2004 on the case in relation to an officer who had been given an advance of Rs.250,000/- for carrying out a drought relief programme. 8. The company had released number of vehicles including the hired vehicles to other government institutions during the period from 2007 to 2010. 	<ol style="list-style-type: none"> 7. The CAO/AO was directed to take prompt action to interdict this officer and hold an inquiry. 8. The Committee wanted the CAO/AO to submit a report to the Committee thereon.
<p>Central Engineering Consultancy Bureau</p> <p>October 23rd 2012</p> <p>(Ministry of Irrigation & Water Resources Management)</p> <p>Contd...</p>	<ol style="list-style-type: none"> 1. The Ministry had decided to call for international bidders to select a consultancy firm for the construction of the Uma Oya Dam without offering it to the CECB coming under its own Ministry. 2. The loss incurred on 11 projects in the year 2011 had been Rs.294.54 million. 3. The total debtor balance as at 31.12.2011 had been Rs.3,708,187,389. 	<ol style="list-style-type: none"> 1. The CECB should be assigned with the task as they claim to have the capability to provide the consultancy on this project. 2. The losses, as explained by the CAO, had been mainly due to the projects implemented in the North after the war, giving no concern on the profits. The long delays taken by the so called Rate Committee to approve the rates had also been a reason for this situation. 3. Out of the total outstanding, 95% had been due from Govt. institutions and the Committee directed the CAO to submit a list of debtors indicating the amount due from each debtor.

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	4. The retention money amounting to Rs.185,128,485/- had been outstanding for 25 projects as at 31.12.2011 due to the inefficiency of the Rate Committee.	4. The Committee decided to discuss with the Secretary to the Ministry of Housing and Construction on the issues arisen due to the Rate Committee.
Employees' Trust Fund Board October 24th, 2012 (Ministry of Finance & Planning) Contd...	1. Internal Audit Report for the year 2012 had not been submitted to the Auditor General. 2. Rs. 141,625/- had been fraudulently transferred to another account by a Labour Officer. 3. The Committee observed that action had not been taken as directed at the previous COPE meeting to rectify the irregular payment of incentives and allowances and also the grant of loans to the staff at an interest rate of 4.2% which had been against the Treasury circulars. 4. Action had not been taken to recover the investment interest of Rs.10,291,556/- and Rs.15,574,073/- due from the Elkaduwa Plantations Ltd. and the Vanik Incorporation Company respectively.	1. Directed the CAO/AO to regularize the matter. 2. The CAO/AO stated that the Request had been made to the EPF to obtain that amount of money and the disciplinary action against this officer need to be taken by the Department of Labour. 3. The AO stated that they were not in a position to stop these payments since the employees had been enjoying this privilege since 1992. The Treasury officials stated that the Treasury was then in the process of revising its circulars and that these sorts of issues would also be addressed during this review. 4. The CAO/AO was directed to furnish a report on this transaction to the Committee including the names of the board of directors functioned at that time.

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	5. When questioned by the Committee the CAO/AO stated that the ETF had so far invested in 92 Companies.	5. The CAO/AO was directed to furnish a break-up of the income of the ETF along with the income generated out of the investments made in the 92 companies. 6. The Committee wanted the CAO /AO to submit a report on the number of new members enrolled with the Fund from the year 2005.
National Lotteries Board October 25th, 2012 & March 11th, 2013 (Ministry of Finance & Planning)	1. The Committee expressed its serious dissatisfaction for not taking action to establish an Internal Audit Division in the institution without getting it done by a private firm as per the directive given at the last COPE meeting. 2. Excess cadre had been existed in the Institution and the CAO/AO stated that they had been recruited on contract basis under the approval of the Ministry. 3. The Committee observed that the institution had still been maintaining its office in a rented building and Rs.96 million had been spent so far as rent and renovation besides a provision of Rs.618 million had been allocated to construct a new building. The	1. The CAO/AO stated that since the existing salary scale had been incompatible with the experience required, it was difficult to recruit staff to the internal audit division and hence the approval had been sought from the Treasury for a special salary scale. The Committee wanted the Treasury Officials to look into this matter and directed the CAO/AO to solve the problem within three months. 2. The CAO/AO was directed to submit the approval of the Ministry given in this regard. 3. The Committee stressed the importance of maintaining a proper coordination with the relevant authorities and viewed that it was high time to consider about the establishment of institutions outside the capital of the

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Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
Contd...	<p>CAO/AO stated that the construction had got delayed as the approval of the UDA had not been granted due to the nonconformity of the proposed building with the Master Plan of the UDA.</p> <p>4. The Committee was not satisfied with the pace at which the action was being taken to publish the prize structure in the gazette.</p> <p>5. The covering approval had not yet been obtained with regard to the advanced payment made exceeding the allowed limit of 20%.</p> <p>6. The Committee was seriously concerned that the printing of a portion of lottery tickets had been offered to the same private firm since 1995 without calling for a new tender after the termination of the agreement entered into in the year 1995 for 3 years.</p> <p>7. It was found that the covering approval had not yet been obtained from the Treasury for the 50% advanced payment made with regard to the software development project.</p> <p>8. The Committee further observed that a sum of Rs.19 million out of the total receivable amount of Rs.171 million had been written off without the approval of the Treasury.</p>	<p>country without concentrating all into Colombo hub.</p> <p>4. The CAO/AO was directed to report the progress of course of action taken in this regard within three months to the Committee.</p> <p>5. The Treasury was directed to expedite its decision making process and also to review these kind of restrictions in accordance with the current requirements</p> <p>6. The Committee directed to furnish a full report on this transaction to the Committee.</p> <p>7. The CAO/AO was directed to conduct an inquiry for not adhering to the COPE directive.</p> <p>8. The CAO/AO was directed to regularize the matter and also to provide the Committee with a report as to why the treasury approval was not obtained.</p>

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Contd...	9. The Committee enquired as to why the post of Asst. General Manager (Dealer Admin.) had been vacant since 23.08.2011.	9. It was stated that the post had been filled on acting basis for not being able to recruit a qualified person through the interview called in this respect.
	10. The post of Deputy General Manager (Finance) had been retained on contract basis for nearly 10 years.	10. It was stated that they were compelled to do so since a qualified chartered Accountant could not be recruited with the existing low salary scales in the Public Sector.
	11. It was noted that the decision taken to establish the head office of the institution in Hambanthota was absurd since a number of parties including the staff and dealers fell into trouble with this move.	11. The Committee wanted the CAO/AO look into this decision again.
	12. The Committee enquired about the ticket printing cost amounting to Rs.293,504,383/- which was claimed to have no evidence to prove that any tender procedure had been followed.	12. It was stated that only a 50% of printing of tickets was tendered since the State Printing Corporation was offered the rest of the assignment without going through a tender procedure as per a cabinet decision.
	13. It was brought to the notice of the Committee that the institution had paid festival advances with a total of Rs.3,212,120/- based on the monthly salary although the maximum amount payable as per the National Budget Circular 142 was Rs.5000/-.	13. The Committee expressed its serious dissatisfaction for not getting the approval of the treasury in this connection and advised to obtain the Treasury approval prior to the next appearance before the Committee.

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Contd...	14. The Gratuity Payment Act had been violated as the gratuity payments had not been made considering the half-month-salary and the amount thus paid during the year 2011 had been Rs.12,126,300/-.	14. The Committee directed the CAO/AO to take action to recover the overpaid amount.
	15. The Committee discussed about the Airport Super Draw lottery which had continuously been making losses.	15. It was stated that the main reason for the loss of profitability of this ticket had been the impact of increasing the taxes. The CAO/AO was directed to send a report to the Committee stating the number of tickets sold so far and the names of the winners of each draw held upto then.
	16. The balances of the Reward Reserve Account and the Reserve Account had decreased by 74.4% and 48% respectively due to an amount of Rs.702 million had been credited to the consolidated fund.	16. It was stated that it had been released on the request of the Ministry.
	17. The Committee observed that the allegations made by certain principals in the Kilinochchi district who denied the receipt of the items, claimed to have been handed over at the opening of the lottery ticket delivery office in Kilinochchi, for the distribution among the school children and parents.	17. The CAO/AO was directed to inquire into the matter.

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Contd...	18. The Committee discussed about the joint venture entered into with a Norwegian Company regarding an Online lottery and the Committee enquired as to why its financial details were not to be observed in the balance sheet.	18. It was stated that they had to stop this lottery as it had started to make losses after about one and half years from its inception and the loss amounted to around Rs.700 million had been written off on a Cabinet decision. The Committee directed to submit a report on the entire loss incurred out of this business together with the copy of the cabinet approval given to write off the loss.
	19. The advertising expenses of the Board had been discussed.	19. The CAO/AO was directed to furnish a report within two weeks on the event wise figures of advertising expenses above Rs.200,000/- incurred from 2010 along with the details regarding the function, name of the institution etc.
	20. It was discussed in detail about the unclaimed prize money which was supposed to be sent to the treasury as per the Act	20. The CAO/AO was directed to send a detailed report on it. Further, the Auditor General was directed to make an audit on these unclaimed prizes and submit a report to the Committee.
	21. The Committee concerned the matter related to the Gajma & Co. Ltd., which had been the Tax Consultant of the institution several years ago.	21. The CAO/AO stated that the Bribery or Corruption Commission had had an investigation into the allegations and agreed to furnish a detailed report to the Committee in this regard.

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	22. The Committee questioned as to whether the institution sponsored any sports programmes tele-cast in TV channels.	24. It was stated that no such programme had been sponsored other than the commercials. The CAO/AO was directed to furnish details on the amounts given to each media channel for commercials event by event.
Insurance Board of Sri Lanka October 25th, 2012 (Ministry of Finance & Planning)	<p>1. Performance could not be measured as the targets were not clearly mentioned in the Corporate plan of the institution prepared for the period from 2012 to 2014.</p> <p>2. Current status of the action taken with regard to the effective implementation of the Third Party Insurance had been questioned.</p> <p>3. Ownership of the two leased motor vehicles which was being used by two directors with a fuel allowance had been transferred to the two directors and since then, a fuel allowance of Rs.50,000/- had also been paid against the Treasury Circulars.</p>	<p>1. The Committee wanted the CAO/AO to rectify the lapses pointed out.</p> <p>2. The CAO/AO stated that the recommendations and suggestions had been sent to amend the section No. 105 of the Motor Traffic Act to the Dept. of Motor Traffic and was in the process in order to enable implementation. The Committee suggested that the matter under concerned should be discussed with the Insurance companies as well.</p> <p>3. The officials of the Treasury stated that they were in the process of reviewing the older circulars and agreed to attend to these kind of issues during the review.</p>

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Board of Investment November 14th, 2012 (Ministry of Economic Development)	<ol style="list-style-type: none"> 1. The Committee queried about the investment regarding the Hyatt Regency Hotel and enquired the basis of approving this investment without giving due attention on their share capital. 2. All efforts taken by the BOI to promote investments became immaterial at the end due to the inefficiency existing in other related institutions and the commitment of the staff down the hierarchy of the BOI was also not satisfactory. 3. The current position of the dispute existing between the BOI and the Merbok Ltd. which had led to a number of arbitrations between the two parties had been questioned. 4. The Committee observed that the time spent on the transfer of the lands had been too long at times. 	<ol style="list-style-type: none"> 1. It was agreed to send a report on this investment to the Committee. 2. The Committee wanted the direct involvement of the Chairman to ensure that the investors are catered more efficiently. 3. The CAO/AO informed the Committee that a compromise had been reached to transfer a land with an extent of 537 acres on condition that unfavourable clauses to the BOI in the agreement were removed and later the BOI had gone back on the consensus as the verdict of the courts issued at the end had been favourable to the BOI. 4. The Committee directed the CAO/AO to look into the possibilities of establishing a unit inside the BOI, with the co-operation of the Land Commissioner, to sort out the land matters early.
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Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	<p>5. Having referred to several incidents taken place in relation to certain projects on housing complexes, it was discussed about the rogue investors those who collected money from people before the commencement of Business and quit the country later suspending the project halfway.</p> <p>6. Acreage of the extent of land in the Perth Estate purchased for Rs.120 million had been different from the land area determined by the survey carried out in 2009.</p> <p>7. The Committee noted that the amount of bad debts had been increased.</p> <p>8. It was pointed out that the relevant treasury circulars had been violated in certain instances as the VRS had been granted to the employees those who had not been entitled to receive.</p>	<p>5. The Committee wanted the involvement of the BOI in these kinds of situations to protect the General Public.</p> <p>6. The CAO/AO stated that later they had identified a private land of 146 acres within the purchased extent of land and the only available solution was to take over the ownership of the land from the private owner and pay compensation.</p> <p>7. The CAO/AO stated that a committee had been appointed to review these debtor balances and agreed to finalize it within three months.</p> <p>8. The CAO/AO was directed to send a report in this regard with a copy of the relevant circular to the Committee.</p>

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<p>Sri Lanka Ports Authority</p> <p>November 15th, 2012</p> <p>(Ministry of Ports & Highways)</p> <p>Contd...</p>	<ol style="list-style-type: none"> 1. The Committee questioned about the current position of the capital amounting to US\$ 2,424,285 for which Board Decision had been taken to write-off from the total amount receivable from the SAGT. 2. The Trade Union had collected money exceeding Rs.7 million by the end of June 2011 from the Galle Face Green and a report in this regard had not been sent as per the directive given in the previous COPE meeting. 3. It was queried about the debtor balance amounting to Rs. 1,356 million receivable from the Shipping Agents. 4. The Committee observed that the annual interest payable on the Hambantota Port Development Project was as follows and enquired about the future steps to be taken to earn more income. year 2012 – Rs. 2,208 million year 2013 – Rs. 2,479 million year 2014 – Rs. 2,233 million year 2015 – Rs. 1,987 million year 2016 – Rs. 1,742 million 	<ol style="list-style-type: none"> 1. The Committee was of the view that the legal action should have been taken against the SAGT and the CAO/AO agreed to look into the matter. The CAO/AO was also directed to send the copy of the original agreement and the legal documents pertaining to this issue to the Committee. 2. The CAO/AO stated that after having completed the internal investigation the legal opinion had been sought from the Attorney General to get the money back. 3. The CAO/AO stated that total amount receivable by then was Rs. 376 million and only Rs.26 to be received from the Shipping Agents and that could be recovered very soon. He further added that the balance part to be recovered was from the Govt. Institutions, Three Forces and some were under litigation. 4. The AO stated that one agreement had already been signed with an investor and another six agreements would be signed under the stage I before the end of 2012 which was worth US\$ 514 million. He further added that by then another 9 investors had been considered under the Stage-II who would invest US\$ 1105

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Contd...	<p>5. As the Committee questioned about the number of ships that had been arrived at the Hambantota Port, the AO stated that 06 and 18 ships had been arrived in the years 2011 and 2012 respectively.</p> <p>6. The profit/loss gained by the Authority was discussed.</p> <p>7. The Committee observed that the balance receivable and payable as at 31st December 2011 was Rs. 2,554 million and Rs. 6,392 million respectively.</p>	<p>million and the re-exports of vehicles had already been started under this project and that would be expanded further. The CAO/AO was directed to send the details regarding the re-exports to the Committee.</p> <p>5. It was directed to send details to the COPE.</p> <p>6. The CAO/AO was directed to send the Profit & Loss Accounts of the Colombo & Hambantota Ports separately for the years 2011 and 2012 to the Committee. He was also directed to send a report on total investment made for the 1st phase of the Hambantota Port to the Committee Secretariat on the following day itself.</p> <p>7. The AO stated that by then the balance receivable had been reduced to about Rs. 726 million while the balance payable had been increased to about Rs. 5 billion due to deposits & advance payments.</p>

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Contd...	8. The Committee enquired as to what steps would be taken to make Trincomalee and Galle Ports profitable.	8. The CAO/AO stated that proposals received to develop Trincomalee Port premises in to an investment zone had being considered by then and with regard to the Galle Port, an agreement had already been signed with a consultancy firm to implement a project funded by JICA. He was directed to co-ordinate with the relevant ministries regarding the projects to be implemented through a Cabinet sub-committee.
	9. The Committee enquired about the unusual valuation of 1.45 perches of land situated at Rock House Lane by a private Audit Firm.	9. CAO/AO admitted the fact and stated that it had been done in the year 2005 and corrective measures were being taken by then.
	10. It was questioned as to why the single recommendation for enhancing the efficiency of Colombo Port on which Rs. 399.65 million had been spent as consultancy fee had not been implemented.	10. The CAO/AO stated that the total amount had been spent under four components and only the sum of US\$ 0.2 million spent for one component had become fruitless as it had been abandoned due to the policy changes of the Government.
	11. The Committee observed that the food supply centre and a sanitary buildings system constructed at a cost of Rs. 17 million had been idled and monopoly rights of the sale of cool drinks at the trade stalls had been sold for Rs. 5.5 million by a Trade Union without the approval of the SLPA at the Galle Face Green.	11. The CAO/AO stated that as the ownership of the said land had been vested in women and children of the country it was difficult to come to an agreement with external parties and the money collected had been used for the maintenance by the Authority. The Committee was of the view that some percentage of money should be given

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		for the welfare of the women and children of the country in collaboration with the relevant ministry and the CAO/AO agreed. He was also directed to report back to the Committee in this regard.
Ceylon Petroleum Corporation November 16 th , 2012 (Ministry of Petroleum Industries)	<p>1. The Committee noted that since the CPC had prepared the consolidated accounts for 2011 based on the unaudited financial statements of Ceylon Petroleum Storage Terminal Ltd. (CPSTL), those accounts were not acceptable.</p> <p>2. The CPC had been incurring losses gradually from the year 2008, and a loss of Rs. 94,508 million with a negative net asset position of Rs. 131,324/-million had been shown in the year 2011.</p>	<p>1. The CAO/AO stated that the auditors had not been appointed by the CPSTL, and at every Board Meeting, the CPC had stressed the need of having audited accounts to prepare the consolidated accounts, and also the CPC had written to the CPSTL requesting them to submit the audited accounts. The CAO was directed to look into this matter and to send the list of names of the Members of the Board of Directors of the CPSTL, to summon them on a future date before-COPE.</p> <p>2. The CAO/AO stated that 60% of the loss had been due to the sale of fuel to the CEB at subsidized rates, and the loss incurred upto 30.09.2012 had been Rs. 77.7 billion out of which Rs. 41 billion had been due to the sale of fuel to the CEB. He also agreed to submit the relevant documents to the Committee on the following Monday.</p>
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Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
Contd...	3. The Committee observed that when the Muthurajawela Storage and Distribution Terminal has a storage capacity of around 85 percent and could be distributed through the new technology, the CPC had been using the Kollonnawa Station for the storage and distribution.	3. The CAO/AO stated that already 50 % of the storage and distribution is done through the Muthurajawela terminal, but due to the low cost of transport by train, and also to avoid delays when distributing fuel from one station, the CPC had been using the Kollonnawa Station for storage and distribution. The CAO/AO was directed to look into this and find out the most efficient method for the storage and distribution of fuel.
	4. The Committee also pointed out that due to the old pipelines system that had been using by the Kollonnawa Installation for pumping fuel from the port to Kollonnawa, the CPC had to pay demurrage charges.	4. The Committee directed the CAO/AO to submit a report to the Committee on the amount spent for demurrage charges by the CPC.
	5. It was queried about the Hedging Transaction and the loss incurred by the CPC in this regard.	5. As per the CAO/AO the Attorney General had informed the CPC in writing only with regard to 02 cases, i.e. with the Standard Chartered Bank and Citi Bank, and that the Attorney General's Dept. is handling these cases. The CAO/AO and the Director Board of the CPC was directed to submit a detailed report on the Hedging Transaction and the cases with all 05 banks. (Standard Chartered Bank, Citi Bank, Deutsche Bank, People's Bank and the Commercial Bank of Ceylon Ltd.)

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	<p>6. It was enquired about the following issues with regard to the importation of fuel;</p> <p>(i) Importation of low standard petrol from ENOC in June 2012</p> <p>(ii) Importation of low standard fuel for aircrafts in March 2012</p> <p>(iii) Importation of low standard diesel from VITOL Company in July 2012.</p> <p>7. The Committee observed that the CPC had made an overpayment to the Fujairah Petroleum Products Ltd., for the purchase of low sulphur Fuel oil.</p>	<p>6. As the Committee was not satisfied with the explanations given by the CPC officials in this regard, informed the Auditor General to investigate into these matters and submit a report to the Committee.</p> <p>7. The CAO/AO was directed to submit the Cabinet decision of the above transaction to the Committee.</p>
<p>Ceylon Electricity Board</p> <p>November 19th, 2012</p> <p>(Ministry of Power & Energy)</p> <p>Contd...</p>	<p>1. It was queried as to why the Coal Power Plant in Norochhole had not been able to show a satisfactory performance as expected initially.</p> <p>2. It was highly concerned by the Committee that the difference between the income and expenditure of the CEB continuously increasing due to the escalating generation cost which would ultimately lead to a severe financial crisis.</p> <p>3. It was observed that the post of Finance Manager had been vacant as well as the post of Human Resources Manager had not been borne by a professionally qualified personnel on the subject .</p>	<p>1. The CAO/AO stated that the possibility for any thermal power plant to experience various problems at the beginning of its operations was inevitable and was optimistic that the plant under concern would reach to a stable operation soon.</p> <p>2. As stated by the CAO/AO, the total loss of the CEB by the end of 2012 would be around Rs. 65 billion.</p> <p>3. The CAO/AO was directed to furnish a report on these two matters together with the reasons for the difficulty in recruiting a professional in the respective discipline</p>

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	<p>4. Dissatisfaction of the Committee was expressed for misleading the Committee by submitting an erroneous corporate plan for 2009-2013 containing no information regarding 2013.</p> <p>5. The Committee discussed on the debt burden of the CEB.</p> <p>6. The Committee discussed about the subsidiaries coming under the CEB and referring to the directive given thereon at the last COPE meeting, it was noted that certain requested details had not been sent to the Committee.</p>	<p>rather than appointing an Engineer who does not possess required qualifications to the latter post.</p> <p>4. The CAO/AO was directed to send details on the available corporate plan with the date on which it was approved by the Board of Directors, names of the board members and the progress of the preparation of a new corporate plan. The CAO/AO was further directed to take disciplinary action against the officers who had prepared and sent the irresponsible document dated 26.04.2012 to the Committee as replies to the matters referred to in the Minutes of the meeting held on 17.10.2011.</p> <p>5. The CAO/AO was directed to send the following documents/reports to the Committee.</p> <p>(a) A copy of the fixed assets register with the written down value.</p> <p>(b) Total debt burden as at the date of examination</p> <p>(c) All financial information including the details on the loan amounts obtained along with the moratorium</p> <p>6. The CAO/AO was directed to send all the information requested on these subsidiaries including the names and addresses of the board members of those companies within a week.</p>

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<p>Ceylon Shipping Corporation Ltd.</p> <p>November 20th, 2012</p> <p>(Ministry of Ports & Highways)</p>	<p>1. The Committee questioned about the present status of the fleet of ships of the company.</p> <p>2. This institution which had been a profitable venture at a time had fallen into the present deplorable position either due to the inefficiency in the management or due to the liberalization taken place in 1989 exposing the institution to a highly competitive environment.</p>	<p>1. The CAO/AO stated that there were only two ships vested with the company at the moment and action was being taken to sell one of them and an arbitration was going on with regard to the other vessel ,leased out to “ Triple S Company which had defaulted the payment of hire charges. It was also revealed that the documents in relation to the purchase of two new vessels had already been submitted to the Special Cabinet Review Committee for consideration.</p> <p>2. The CAO/AO was directed to send a report to the Committee and to be more concern on this matter in the attempt of reviving the company under the new management.</p>
<p>Road Development Authority</p> <p>November 20th, 2012</p> <p>(Ministry of Ports & Highways)</p> <p>Contd...</p>	<p>1. The Committee observed that the actual financial position of the Authority had not been indicated in the financial statements as proper accounting system had not been followed and the net assets had also gone into minus figures.</p> <p>2. It was queried about the formation of “Maganeguma” Companies.</p>	<p>1. The CAO/AO was directed to take appropriate action to streamline the situation.</p> <p>2. The CAO/AO stated that they were established as per the Cabinet decision taken in the year 2004 and the Committee directed him to submit the same to the Committee.</p>

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Contd...	3. It was brought to the notice of the Committee that there were no provisions to audit those companies by the Authority or the Auditor General.	3. The Auditor General was informed to intervene in this matter to get clarified whether there was any possibility for them to audit those companies and report back to the Committee. The CAO/AO of the Authority was also directed to send the audit reports prepared by the private auditors to the AG.
	4. The Committee observed that estimates had not been prepared properly as the works valued at Rs. 12.265 million had been abandoned and works valued at Rs. 13.038 million had been done exceeding the estimates of the Colombo-Kandy rehabilitation project.	4. The CAO/AO stated that Rs. 12.265 million was allocated to construct a pedestrian fence and other small constructions, but due to the changes in the design that amount was remained and for other additional work Rs. 13.038 million had been utilized.
	5. The total estimated cost for the Colombo-Katunayake Expressway project had been increased by 437% when the contract had been awarded to another contractor to complete the balance part of the project.	5. The CAO/AO stated that since the first and second contract had been awarded in the year 2000 and 2008 respectively, price escalation during that period and some additional work added to the original design had led to this situation.
	6. It was observed that the total liabilities for contractors were Rs. 4 billion up to date.	6. It was directed to send the breakdown to the Committee.

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	<p>7. The Committee having noted that Rs. 256.592 million paid in November 2011 to a contractor had been withdrawn stating that the measurements were erroneous, for the rehabilitation of Udatenna-Mahiyangana-Padiyatalawa road, enquired on what basis the payments were made at first instance.</p> <p>8. It was enquired as to why 85 vehicles had been released to the Ministry and “Maganeguma” Companies while 57 vehicles had been hired for the Authority incurring a cost of Rs. 15.527 million.</p> <p>9. Salaries amounting to Rs. 66.646 million had been paid to the staff who were released to the ministry.</p>	<p>7. The Committee was of the view that this had happened due to poor internal control of finance by the Authority and directed to send explanation on the above matter to the AG.</p> <p>8. As the CAO/AO stated that those 85 vehicles included machinery or the heavy vehicles used for construction purposes released to “Maganeguma” companies and 57 vehicles had been hired for the transportation, the Committee directed him to send the details to the Committee and inform the AG to get this clarified.</p> <p>9. The CAO/AO was directed to send the details of them to the Committee.</p>
<p>Sri Lanka Tourism Development Authority</p> <p>November 21st, 2012</p> <p>(Ministry of Economic Development)</p> <p>Contd...</p>	<p>1. The post of Chief Executive Officer had been vacant over a period of one year.</p> <p>2. The Corporate Plan had not been prepared as per the PED -12 Circular.</p>	<p>1. It was mentioned that the action would be taken to fill the vacancy by the Ministry of Economic Development.</p> <p>2. The CAO/AO admitting the fact stated that said Circular had been taken into account when preparing the Corporate Plan for the period of 2013 – 2015.</p>

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<p>Contd...</p>	<p>3. The Committee noted that there were number of vacancies exist in the Authority, and the AO stated that they were not in a position to fill those vacancies due to forthcoming amalgamation of all the institutions under the Act, except the Hotel School.</p> <p>4. The Committee enquired about the arrivals of the tourists to the country and noted that even the arrivals had been doubled during the last three years, the hotel accommodation available had remained same.</p> <p>5. The court case which had been filed against the Kalpitiya hotel project had been queried.</p> <p>6. It was enquired whether 30 million rupees had been incurred for the first project as initial expenditure for advertising, tender procedures etc. for the Kalpitiya project. Auditor General also pointed out that even though Rs. 92.6 million had been incurred for this project, action had not been taken to acquire the ownership of the land.</p>	<p>3. It was stressed the need of preparing a national policy for tourism development very early.</p> <p>4. The CAO/AO was directed to send a detailed report for last two to three years on the arrivals and current availability of hotel rooms in the country on star class basis to the COPE secretariat.</p> <p>5. It was stated that with regard to the "Ipankthiv" island the respective investor had done all the work but unable to implement construction until the court case was over and cabinet approval had just been granted to the project in "Uchchimuni" island and the money would be paid by the investor soon after signing the agreement.</p> <p>6. The CAO/AO was directed to send a comprehensive report on the Kalpitiya project within two weeks' time to the COPE secretariat.</p>

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Contd...	7. The Committee queried about the sinking fund of Rs. 53 million in the General Treasury which was appeared in the accounts as assets, and the CAO/AO stated that this had been carried forward over a long period from the time of Tourist Board was in existence.	7. The CAO/AO directed to write-off this with the Board approval as per the Treasury Circular which stated that the surpluses should be sent back to the Treasury.
	8. The Committee enquired as to how the CESS fund had been managed and the CAO/AO stated that Rs. 1.1 billion had been received and that money had been distributed among all the 04 institutions under the Act. The Committee noted that proper follow-up had not been done after allocating the money.	8. The CAO/AO was directed to implement a proper mechanism to see whether that money had been utilized in a fruitful manner and to consider this matter when preparing the new Act.
	9. The sundry debtor balance amounting to Rs. 2.3 million had been outstanding as per the accounts, when there were no actual debtors.	9. It was stated that when transferring the accounts of the Tourist Board they were erroneously entered into the accounts and agreed to rectify the matter after obtaining the approval of the Board of Directors and the Treasury.
	10. The Committee pointed out that the Govt. Circulars had been violated when using the office vehicles in the following instances. (i) Pool vehicles had been used by the officers who had assigned vehicles.	10. It was stated that since it was difficult to obtain vehicles to Rs. 40,000/- on lease basis, initially they were allowed to obtain vehicles with the approval of the Ministry, and later on Board decision had been taken to obtain on Rs. 30,000/- per month basis as per the Public Administration Circular 2008. The

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	<p>(ii) Officers had obtained 05 vehicles on the basis of lease agreements instead of getting them leased by the Authority.</p> <p>(iii) Fuel allowances had been paid exceeding the entitled limit.</p> <p>11. Receivables amounting to Rs. 901,258/- had not been recovered.</p> <p>12. There was no proper mechanism to manage assets (6495 acres of lands and 56 rest houses) which were owned by the Authority.</p> <p>13. The Committee noted that 28 dishonored cheques valued at Rs. 926,057/- had been outstanding for a considerable period of time.</p> <p>14. Overpayment of Rs. 3,780,253/- to the staff for a local project had been made contrary to the Management Services Circular No. 33 of 05th April 2007.</p>	<p>Committee was of the view that additional amount paid should be recovered as per the decision of the Audit & Management Committee meeting.</p> <p>11. It was stated that out of the 37 rest houses which had been transferred in 1996 from the Ministry of Public Administration, several rest houses had not paid the lease amount and therefore court cases had been filed to recover the said debtor balances from the lessees.</p> <p>12. The CAO/AO was directed to send a report on what action would be taken to value and to include in the accounts.</p> <p>13. The CAO/AO was directed to take appropriate action.</p> <p>14. The CAO/AO was directed to send a report on this to the Committee Secretariat within a months' time.</p>

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<p>Sri Lanka Land Reclamation & Development Corporation</p> <p>November 21st, 2012</p> <p>(Ministry of Defence & Urban Development)</p> <p>Contd...</p>	<ol style="list-style-type: none"> <li data-bbox="480 305 823 450">1. The Committee queried about the Unauthorized Reclamation of Lands and the amendments to be made to the Act. <li data-bbox="480 658 823 871">2. It was questioned about the recovery of Money from the Land Reclamation and Development Company which operated as a subsidiary Company of LR & DC. <li data-bbox="480 948 823 1074">3. Rs.38 million to be recovered from the Ministry of Economic Development for a completed project. <li data-bbox="480 1306 823 1518">4. The Committee observed that a sum of Rs. 68,208,560/- had been shown as current liabilities of which Rs. 65,984,338/- has to be paid to the Government as tax. 	<ol style="list-style-type: none"> <li data-bbox="839 305 1168 633">1. It was stated that Action had been taken to publish the Gazette notification provincial wise and also the necessary steps had been taken to amend the Act accordingly. The CAO/AO was directed to include those information in the Action Plan as well. <li data-bbox="839 658 1168 929">2. It was stated that the money to be recovered by the LR & DC was being received on installment basis. The Committee directed the CAO/AO to send a detailed report on recovery of money from the company. <li data-bbox="839 948 1168 1277">3. As it was stated that this amount had been connected to the development of a land in Kalmunai and the Ministry of Economic Development had agreed to settle that. The CAO/AO was directed to send a report regarding the progress of the matter. <li data-bbox="839 1306 1168 1723">4. It was stated that the amount of Rs. 15,178,378/- within the said amount was a refund from the Inland Revenue Department paid to the National Defence Levy. The other balances out of Rs. 68,208,560/- had been identified as the provisions from estimates and action was being taken to convert those balances as the income.

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Contd...	5. The respective maintenance work of the Lunawa project had not been done properly by the LR & DC.	5. It was stated that the project has to be handed over to the relevant local authorities for maintenance after the completion. However the LR & DC had been subsequently received instructions to do the maintenance work continuously. The CAO/AO was directed to include this activity too in the Action plan for the year 2013.
	6. The Committee observed that the Enderamulla Town Development and Dredging of Beira Canal implemented by the Corporation at an expenditure of Rs. 30.11 million had been abandoned halfway.	6. It was stated that the Enderamulla Town Development Project has to be recommenced after the instructions issued by the Central Environment Authority and the Beira Canal project also underway due to the acquisition of the relevant land to the Corporation.
	7. The cost of the Minuwangoda and Kiribathgoda Projects amounting to Rs. 8,814,388/- and Rs.12,506,116/- respectively had been written off without the Treasury approval.	7. The CAO/AO was directed to inform the Treasury and get the necessary approval.
	8. The delay in the payment of compensation for the lands acquired ranged between 6 to 33 years and interest payable amounted to Rs. 345,848,018/- and Rs. 243,620,863/- respectively.	8. It was stated that the delay had been due to unclear ownership of lands, unclear deeds and the LR & DC had already taken steps to accelerate the compensation process.

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	<p>9. A land of 05 acres 03 roods and 13.09 perches in extent had been released to a private company for Rs. 489 million in the year 2005 for a housing project and there was no legal provisions in the agreement for breach of terms and conditions.</p> <p>10. Out of the 151 acres of land around the Mudun Canal in Peliyagoda area acquired for Development by the LR & DC only 19 acres had been developed up to now.</p> <p>11. The Committee enquired as to why action had not been taken to recover the land value of Rs.30.2 million approximately from the relevant party who built a Kovil in 3.5 acre area of the developed land by the LR & DC or to re-acquire the land.</p>	<p>9. It was stated that the land had been sold by a sales agreement with a Cabinet approval to a BOI approved project, the Fuji Reality Development Company in the year 2005. And also stated that the LR & DC was concern about the possibilities of reviewing the sales agreement and awaiting the response of the company to that effect.</p> <p>10. The AO stated that they had planned to develop 25 acres at the stage one and accordingly 19 acres had been developed but the development plan had to be revised due to the Katunayake Express way and the newly built Peliyagoda fish market were not in the plan.</p> <p>11. It was revealed that the LR & DC had faced difficulties to find the responsible person or institution to take action against the illegal building. The CAO/AO was directed to find the responsible person and to take legal action for the illegal acquisition and for the unauthorized building.</p>

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Regional Development Bank November 22nd, 2012 (Ministry of Finance and Planning)	<ol style="list-style-type: none"> 1. The Committee noted that the Panadura and the Bulathsinhala branches had granted loans amounting to Rs. 7,300,000/- without obtaining sufficient securities, and the balance outstanding as at November 2012 had been Rs. 6,248,686/-. 2. It was queried as to what action had been taken against the 11 officers who had made fraudulent withdrawals amounting to Rs. 6,181,409/- from the former Ruhuna Development Bank during the period January 2008 to March 2010. 3. The Committee raised a question with regard to Rs. 500 million invested in commercial papers against the directive given by the General Manager. 4. Twenty six staff loans amounting to Rs. 1,225,597/- had been given against personal guarantee, and categorized under non-performing loans due to unsatisfactory recoveries. 	<ol style="list-style-type: none"> 1. Since some of the loans had been granted on former Chairman's approval directed the CAO/AO to see whether any legal action could be taken against him, and to submit a detailed report on the above loans granted by those two branches and the action taken against the defaulters to the Committee. 2. It was stated that a court case had been filed against the suspects by the CID and a disciplinary inquiry had also been conducted against the other officers who were involved in this fraudulent act. 3. This had been corrected by then, and had been invested in fixed deposits. 4. Those loans had been granted by the Wayamba Development Bank, out of which 02 persons had died and the action had been taken to deduct the dues from those who had died, and that legal action would be taken against the balance defaulters.

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	5. In contrary to the Central Bank (Pawning) Regulations the Mathugama and Bulathsinhala Branches had taken over articles under pawning from the businessmen amounting to Rs. 27,896,206/-.	5. It was stated that this had taken place prior to the amalgamation of the Bank, but at present the Regional Development Bank had issued circulars to every branch to adhere to the regulations, and if not disciplinary action would be taken against the officials of those branches.
Bank of Ceylon November 22nd, 2012 (Ministry of Finance and Planning)	1. The current position with regard to the recovery of loans amounting to Rs. 340 and Rs. 125 million from M/s. International Grocers Alliance and M/s. Mahinda Offset Printers respectively had been queried. 2. The Committee queried about Granting Overdraft Facilities to M/S. Omega International (Pvt.) Ltd. – Rs. 100 million. 3. The current position with regard to the loan and TOD of Rs. 30 million and Rs. 10 million respectively granted to a Cement distribution company had been queried.	1. It was directed the CAO/AO to submit a report indicating the current position on the above 02 loans to the Committee. 2. It was stated that the Bank had obtained approval from the Board of Directors to re-schedule the Overdraft, and at present M/S Omega International has started to pay in installment basis at Rs. 17 lakhs per month, where Rs. 22 million had already been settled. Further it was stated that at the time of re-scheduling the Overdraft, the Bank obtained a new property as security at Unawatuna, where the value of the property had been higher than the outstanding amount. 3. It was stated that by then Rs. 18 million had been settled with the full amount of the TOD, and a balance of Rs. 72 million had to be settled, out of which Rs. 25 million had been the capital and the balance being the interest.

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Contd...	4. The Committee observed that although the Bank had maintained a sufficient Capital Adequacy Ratio, it had been gradually deteriorated during the last 05 years.	4. The CAO/AO stated that since the Bank had granted more loan facilities, the capital adequacy ratio had been reduced, but the Bank had taken several measures to increase the Capital Adequacy Ratio.
	5. The Committee noted that the Bank had incurred a net loss of Rs. 1,271 million from investments in securities during the year 2011.	5. The CAO/AO stated that due to the fall of the stock market, the value of the investments had been reduced, but the Bank had been able to show a profit in the year 2011. However the Bank had obtained two valuable properties as collateral in this regard.
	6. It was enquired as to what action had been taken by the Bank to recover the loans granted amounting to Rs. 50 million and Rs. 1.9 million to a Chip Board Manufacturing Factory.	6. It was stated that the Bank had been able to recover Rs. 3 million and the Bank had been at negotiating level to recover the balance dues.
	7. The Committee having noted that 02 NGOs had made fraudulent transactions through Internet Gateway Payment System (IPG) amounting to Rs. 212 million and Rs. 52 million, enquired the current position.	7. It was stated that the Bank had made a complaint to the CID, and the investigations were in progress, where the Bank was also awaiting for Attorney General's advice to take legal action against those NGOs.
	8. The Bank had invested Rs. 3,250,450,000/- in the Sri Lanka Airlines, but had not obtained any income from the date of investment.	8. It was stated that to rescue the Sri Lanka Airlines, the 03 state banks decided to invest money, and since the war had been ended and on the improvement of the economy, the Air Line would be able to make profits.

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	<p>9. The Committee queried as to why the Bank had granted loan facilities to the Ceylon Petroleum Corporation to the value of 64% amounting to Rs. 372 billion, exceeding the Treasury indemnity limit of 49%.</p> <p>10. The Committee enquired the action taken by the Bank to recover the Non-Performing Loan balances of 10 customers amounting to Rs. 2,535,321,038/- and the Non-Performing overdrafts of 15 customers amounting to Rs. 491,073,707/-.</p> <p>11. It was noted that there had been 33,695/- loans amounting to Rs. 193,757,482,076/- which had not even paid a single installment to the Bank.</p>	<p>9. The Committee was of the view, that the Bank should either maintain a limit or be capitalized. Board of Directors of the Bank was also directed to ensure that when there had been any risk on the investments or lending to inform such risks to the Treasury in advance.</p> <p>10. The CAO/AO was directed to submit a report on these customers including the action taken by the Bank on each customer to recover the outstanding balances.</p> <p>11. It was stated that there would be such instances due to various reasons the debtors being unable to pay the first installment, but on discussing with them and re-scheduling the Bank take every possible steps to recover the outstanding amounts.</p> <p>12. The CAO/AO was directed to submit a report on the advertising budget of the bank and its' expenditure made during the last 02 years to the Committee.</p>

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National Housing Development Authority November 23rd, 2012 (Ministry of Construction, Engineering Services, Housing & Common Amenities)	<ol style="list-style-type: none"> 1. A number of shortcomings were observed in the procurement plan and also in the Corporate Plan. 2. The Committee enquired about the current position of the “Jana Sevana” 10 lakhs housing project. 3. It was also enquired about the “Jana Sevana Viru Upahara” and the “Sevana Upahara” housing projects. 4. In replying to a query raised by the Committee, the CAO/AO stated that 06 lakhs of families do not own permanent houses as per the survey done by the Dept. of Census and Statistics. 5. It was also enquired as to why NHDA had started to collect loan balances since the year 2011 from the beneficiaries after about 15-16 years and in some instances ownership had not been transferred as well. 	<ol style="list-style-type: none"> 1. The CAO/AO agreed to regularize the matter. 2. The CAO/AO was directed to send a comprehensive report on the “Jana Sevana” 10 lakhs housing project including the number of houses to be built by each stakeholder. 3. The CAO/AO was directed to send a report to the COPE Secretariat on the same. 4. The CAO/AO was directed to send the above statistics at AGA division’s level to the COPE Secretariat. 5. It was directed to make a policy framework to clear off this matter and submit a cabinet paper if necessary to write off the balances.
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	<p>6. It was enquired whether any disciplinary action had been taken against the officials responsible for the malpractices that had been taken place when selling-off the Liberty Plaza Circuit Bungalow of the Authority to OVCD Institution.</p> <p>7. Progress of the recovery of loans and the advertising budget had been discussed.</p>	<p>6. It was stated that instructions of the Attorney General had been sought in this regard and disciplinary action had not been taken till then and due to complexity of the situation.</p> <p>7. The CAO/AO was directed to submit the details of recovering loans , the copies of advertisements given to media, the detailed report of budget allocated for advertising and the expenditure made in this regard in the year 2012.</p>
<p>State Engineering Corporation November 23rd, 2012 (Ministry of Construction, Engineering Services, Housing & Common Amenities)</p> <p>Contd...</p>	<p>1. Number of shortcomings were observed in the Corporate Plan.</p> <p>2. The current position regarding the unidentified Taxes specially the tax liability of Rs.291 450,532/- inclusive of a penalty of Rs.77,831,984/- had been enquired.</p>	<p>1. Action had been taken to prepare a complete corporate plan according to the Act for the year 2013 including the “Jana Sewana” mega housing project and sales and service Centre of Peliyagoda.</p> <p>2. It was stated that the whole period had been divided into three blocks as 2002 -2006 , 2007-2010 and after 2010 with the instruction of the Department of Inland Revenue and action had been taken to clear these taxes before March 2013 accordingly.</p>

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Contd...	3. The Committee discussed on the debtor balance of Rs. 316,137,595/- remaining over 05 years and the debtor balance of Rs. 3.3 billion out of which no recovery had been made in the year 2011.	3. The AO was directed to send a report regarding the whole debtor after having discussion with the Secretary to the Ministry.
	4. The bank overdraft obtained by the Corporation had been increased to Rs. 441.4 million by 30 September 2012.	4. The CAO stated that the existing overdraft had been Rs. 143 million, and the overdrafts were obtained to continue with the construction work not getting interrupted due to lack of provisions obtained from the Government. He also stated that overdue amounts from the Department of Inland Revenue and Sri Lanka Cricket had been Rs. 356 million and Rs. 730 million respectively. The Committee directed the CAO/AO to send reports to the Committee on offering of contracts to the SEC to develop the cricket grounds, particulars of the sub-contractors of the projects, contract documents and outstanding credit balances connected with the development of Cricket grounds. He was further directed to limit the taking of overdrafts considering the high interest rates.

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Contd...	5. The Mechanical and Electrical Division had been running at a loss and the uncertified bills issued by the Division had been Rs.98,171,804/- in total.	5. As the Committee noted the wrong procedure of including the total amount of uncertified bills to the profit, advised the AO to prepare accounts according to the accepted Accounting Standards.
	6. It was observed that 602 employees had been recruited without obtaining the approval from the Department of Management Services.	6. The CAO/AO was directed to send a complete report to the Committee including recruitments, salary scales and work description of these Marketing Development officers.
	7. The Committee enquired about the losses incurred in 47 contracts exceeding the tendered value of Rs.408.9 million during the period of 2007-2010. It was also observed that a loss of Rs. 301.3 million had incurred on 64 constructions in 2009-2010 due to poor management practices.	7. The CAO/AO agreed to send a detailed report on the said 64 projects. The CAO/AO was directed to send a letter signed by the Minister of Construction, Engineering Services, Housing & Common Amenities to relevant Ministries and institutions to pay the balances monthly. He was further directed to send a detailed report on the advertising budget of the SEC.
	8. Action had not been taken to obtain a sum of Rs. 5.9 million deposited in Bank in Doha due to the joint venture with a company, being not started.	8. It was stated that the relevant Bank had agreed to return Rs. 6 million with the interest of the money.

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Contd...	9. Action had not been taken to clear the unsettled advances older than 04 years amounting to Rs 387.85 million as agreed in the previous COPE meeting.	9. A Committee had been appointed to accelerate the process to clear the unsettled advances and agreed to send the age analysis of the whole unsettled advances to the Committee. The Committee emphasized the responsibility of the Internal Auditor regarding this and directed the CAO/AO to submit a detailed report on these unsettled advances to the Committee.
	10. The answers had not been submitted for the queries raised at the previous COPE meeting on Vehicles belonging to the SEC which had been released to the line Ministry without obtaining the approval of the Ministry of Finance and Planning. It was also observed that 42 vehicles had been released without approval and a sum of Rs. 9,910,467/- comprising fuel expenses and hire charges had been spent by SEC for the period of 06 months from January to June 2012.	10. The Internal Auditor was directed to investigate the matter and the CAO/AO was directed to submit a complete report to the Committee on the matter relating to vehicles of SEC.
	11. SEC had spent a sum of Rs. 7,744,579/- in the year 2011 for newspaper advertisements with the opening of five projects in which the SEC functioned as the contractor.	11. The CAO/AO was directed to send a detailed report on expenditure of Rs. 7,744,579/- for advertisements.

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	<p>12. Despite of expenditure incurred on two accounting software packages, the SEC had spent around Rs. 1,222,412/- for the third package</p> <p>13. The SEC had purchased two double cab motor vehicles valued at Rs.3,048,960/- on lease and some stocks valued at Rs. 32,051,305/- had beenwritten off from the books without obtaining the approval of the Board of Directors.</p> <p>14. The SEC had donated money amounting to Rs. 2,782,139/- during the year 2010 without a Cabinet approval.</p>	<p>12. Having accepted the failure of two softwares introduced to improve the Accounting work, Administration and Stock Control Divisions the AO informed the Committee that they would be able to upgrade the accounting system with newly introduced software which would commence in January 2013.</p> <p>13. The AO agreed to submit a report to the Committee after an investigation done.</p> <p>14. The AO agreed to submit a report to the Committee after an investigation of the matter. He was further directed to send a report regarding the donations of years 2010, 2011 and 2012.</p>
<p>Mihin Lanka (Pvt) Ltd.</p> <p>November 26th, 2012</p> <p>(Ministry of Civil Aviation)</p> <p>Contd...</p>	<p>1. The CAO/AO made a briefing on the current status of the Airlines industry which had been badly affected by the rising fuel prices of 112% when compared with the previous year.</p> <p>2. The Committee discussed about the fleet of air crafts of the company which consisted of three air crafts purchased on dry lease agreements.</p>	<p>1. According to the CAO/AO, the Mihin Lanka had been able to achieve 62% growth in revenue with a 41% growth in revenue per employee. The passenger number had also been increased by 56%.</p> <p>2. The Committee wanted the CAO/AO to send a copy of the agreement related to the purchase of the latest aircraft to the Committee and the AO</p>

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<p>Contd...</p>	<p>3. The Committee discussed about the financial position of the company as at the date of examination and came to know that the loss incurred from the month of April to September had been Rs.700 million. It was stated that the cost of fuel had been 43% of the total cost and 60% of the total revenue.</p> <p>4. It was revealed that the Mihin Lanka owed nearly Rs. 1.6 billion to the CPC for the fuel purchased.</p> <p>5. It was pointed out that the remuneration of the board of directors which had been Rs.5,400,000 in 2008 had increased to Rs.11,244,991 in 2011.</p> <p>6. It was enquired whether there was a business plan for the company to turn around the present position of the company.</p>	<p>agreed to submit it on the following day itself.</p> <p>3. The Committee emphasized that the company should have then either dealt with the Government to purchase fuel on a subsidized price or refuel the tanks overseas if the fuel problem had been the main reason.</p> <p>4. The CAO/AO stated that they had come to an arrangement with the CPC, having agreed on a formula based price structure where the outstanding was converted to a long term loan with three months credit.</p> <p>5. The CAO/AO stated that the directors were paid only a sitting fee.</p> <p>6. The AO stated that some airlines make profits as entities on the revenue generated through other airport related operations. The Committee reiterated the importance of amalgamating the Sri Lankan Airlines with Mihin Lanka and paying more attention on the load factor which could be increased further.</p>

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	7. It was observed that the annual reports for the years of 2008, 2009 and 2010 had not been tabled in Parliament.	7. The Committee wanted the CAO to look into the matter.
<p>Sri Lanka Broadcasting Corporation</p> <p>November 26th, 2012</p> <p>(Ministry of Mass Media & Information)</p> <p>Contd...</p>	<p>1. It was noted that although the Corporation had agreed at the previous COPE meeting to bring a solution to the issue pertaining to the cadre position, the SLBC had 349 Excess employees currently. It was also observed that 21 officers had been given appointments contrary to the Cabinet decision and 16 of them were appointed without vacancies.</p> <p>2. The officer recruited as an Internal Auditor had been appointed as the controller of Kandurata Transmission. Further the Corporation had not answered 14 Audit queries out of 40 in 2009, 12 out of 19 in 2011 and 05 of 2012.</p> <p>3. There was a debtor balance of approximately Rs. 70 Million, for the period of 1974 to 2006 which hadn't been recovered and the action had not been taken to write off the debtor balances according to the instruction given by the COPE. Meanwhile some debtor balances had been written off without a proper approval.</p>	<p>1. The CAO/AO stated that the voluntary retirement scheme launched to reduce the staff was a failure and the action had already been taken to approve the Cadre with the guidance of the Salaries and Cadre Commission considering the actual needs of the staff. The CAO/AO was directed to submit a complete report regarding these 21 officers including their duty lists, payments, date of recruitment etc. within a week.</p> <p>2. The CAO/AO was directed to correct the position immediately.</p> <p>3. It was stated that action would be taken soon to write off the balances and the CAO/AO was directed to send a detailed report to the Committee on written off balances and due balances. The Committee also instructed to appoint a qualified person as a Finance Manager to the SLBC to rectify all the financial deficiencies.</p>

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	<p>4. The Committee noted a balance of Rs. 6,216,325/- in the Suspense Account as at 31 December 2011 created consequent to malpractices.</p> <p>5. It was questioned as to why the broadcasting time had been allocated to two entities for supply of goods and services to the corporation.</p> <p>6. The files pertaining to debtors amounting to Rs.19,658,489 and Rs.3,817,027 for the periods of 1998 to 2004 and 2004 to 2007 respectively had misplaced by 31 October 2012.</p> <p>7. The Committee noted that proper action had not been taken to protect tapes and CDs containing of songs and stories due to maintenance difficulties and also no development of the unit of Audio testing.</p>	<p>4. The CAO/AO was directed to submit a report to the Committee regarding the action taken and current position of the Suspense Account.</p> <p>5. The CAO/AO was directed to submit a report regarding the five institutions for which they had provided air time in settlement of goods and services provided for. He was also directed to send a full detail of the Advertising Budget of the Government sector and Private sector to the Committee.</p> <p>6. As the fraud had been committed by the SLBC officials the matter had been handed over to the CID for investigation. According to the CAO/AO action had also been taken to prevent frauds by computerizing the files. A detailed report on misplaced files had been asked.</p> <p>7. It was stated that action had been taken to protect the tapes and CDs which was identified among them and a research report scheduled to be released on the Audio testing unit with the assistance of the University of Kelaniya.</p>

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HDFC Bank November 28th, 2012 (Ministry of Finance and Planning)	<ol style="list-style-type: none"> <li data-bbox="478 291 813 568">1. The Committee enquired about the Acting appointment of the post of General Manager and expressed its dissatisfaction over the delay in appointing a General Manager to the HDFC Bank in permanent basis. <li data-bbox="478 575 813 799">2. It was questioned whether the action had been taken to settle the unidentified deposit balance of customers amounting to Rs. 5,938,847/- as at 31.12.2010. <li data-bbox="478 807 813 1045">3. It was enquired whether the action had been taken to obtain the fund amounting Rs. 317 million deposited in the Central Bank contrary to the provision of the Act No. 07 of 1997, by the HDFC. <li data-bbox="478 1052 813 1460">4. The Committee noted that contrary to the normal interest rates, the Bank had agreed to pay 22.2% to CEB's provident fund for a fixed deposit of Rs. 450 million, where the over payment of interest would be amounting to Rs.69 million and enquired whether the action had been taken to recover the loss. 	<ol style="list-style-type: none"> <li data-bbox="842 291 1039 568">1. It was mentioned that the name of DGM (Finance) had already been sent to the Ministry of Finance and Planning for approval and he is the person who acts as the General Manager of the Bank at present. <li data-bbox="842 575 1039 738">2. The said amount had been reduced to Rs.03 million and the process to settle the outstanding balance is continuing successfully. <li data-bbox="842 745 1039 983">3. The Committee was informed that the Central Bank had not released the fund yet and continuous discussions were in progress. <li data-bbox="842 991 1039 1277">4. The CAO was directed to hold a complete and comprehensive investigation regarding the 450 million deposit and to send the report to the Committee within one month. <p data-bbox="882 1292 1039 1391">He/She was also directed to submit the followings to the Committee.</p> <p data-bbox="882 1406 1039 1537">(i) Report of the internal investigation to probe into the lapse committed by the Bank</p> <p data-bbox="882 1553 1039 1661">(ii) Report of the number of loans issued by the Bank and interest rates separately with the categories of loans.</p>
Contd...		

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
		<p>(iii) The names of the previous Board Members in the year 2008 with regard to the 450 million deposit received.</p> <p>(iv) Report of the number of loans issued by each and every branch in the year 2013.</p>
<p>Independent Television Network Ltd. & Lakhandha Radio</p> <p>December 04th, 2012</p> <p>(Ministry of Mass Media & Information)</p> <p>Contd...</p>	<ol style="list-style-type: none"> 1. The Committee enquired about the outstanding debtor balance of Rs.137 million out of which Rs.126 million itself had been due from private parties. It was further noted that the amount outstanding for more than five years had been Rs.40 million. 2. It was discussed with regard to the advertising agencies and their clients who had defaulted payments due for the published advertisements and the Committee questioned whether it could be assured that no advertisement of defaulted companies had been under taken later even though they had violated agreements once. 	<ol style="list-style-type: none"> 1. The CAO/AO was directed to send a detailed report on the outstanding debtor balance including those which could not be recovered due to the problems in the agreements. 2. It was stated that the earlier practice had been to blacklist only the advertising agency and that the clients could have got their job done through a different advertising agency. However, at present, the agreements related to advertising are entered into with both the client and the advertising agency and that, to their understanding, no advertisement had been accepted from the defaulters thereafter. <p>The CAO/AO was directed to confirm it to the Committee in writing.</p> <p>The CAO/AO was further directed to send a list of debtors related to advertising together with the amounts due from each</p>

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	<p>3. The Committee enquired as to why the revenue of the Lakhanda Radio had decreased.</p>	<p>and the details of the relevant advertising agencies. It was also directed to take action to recover the outstanding amounts having informed the debtors that the COPE had directed to recover them immediately.</p> <p>3. It was stated that there had been an interference problem on the frequency used for this channel by the adjacent frequencies and was optimistic that the situation would be improved with the utilization of the new frequencies.</p>
<p>Sri Lanka Transport Board</p> <p>December 04th, 2012</p> <p>(Ministry of Transport)</p> <p>Contd...</p>	<p>1. Annual reports from the year 2005 had not been tabled in Parliament.</p> <p>2. Certain allegations related to import of spare parts had been considered.</p>	<p>1. It was stated that the decentralized CTB had been re-established in 2005 and due to several unidentified balances bringing forward since then, the finalization of accounts had been delayed. The CAO/AO was directed to take prompt action to table the reports.</p> <p>2. It was agreed to submit a copy of the preliminary report of the inquiry to the Committee.</p> <p>The CAO/AO was also directed to submit a report to the Committee on the amount of spare parts purchased during the last six months period, amount dispatched to depots and the amount remaining in stock at the moment.</p>

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	<p>3. The Committee concerned on the outstanding EPF and ETF amounts of over 2.5 billion and also about taking over of the Private Provident Fund having a balance of Rs.4 billion by the Labour Department.</p> <p>4. The Committee noted that the bus operations at certain regions did not take place according to a time table.</p>	<p>3. The Auditor General was directed to submit a report on the legitimacy of this taking over which had taken place without the consent of the employees.</p> <p>4. The Committee wanted the CAO/AO to address the matter at regional level since a number of passengers including children suffered a lot out of this issue.</p>
<p>Lanka Sathosa Ltd.</p> <p>December 05th, 2012</p> <p>(Ministry of Co-operatives & Internal Trade)</p>	<p>1. The Committee discussed on the performance of the institution.</p> <p>2. It was discussed about the financial management of the Institution.</p>	<p>1. Number of outlets had been increased upto 268 and the turn over as at September 2012 was Rs.17 billion. When it was revealed that the institution had been exempted from paying taxes, the Committee directed to submit written evidence to that effect.</p> <p>2. The Committee stressed the importance of maintaining a proper financial management in the organization as far as the large turn-over was concerned and further noted that the staff of the company was needed to be trained further while improving the quality of the goods sold in order to compete with the private sector.</p>

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<p>Development Lotteries Board</p> <p>December 07th, 2012</p> <p>(Ministry of Finance & Planning)</p> <p>Contd...</p>	<ol style="list-style-type: none"> 1. The Committee enquired as to why the Internal Audit function of the DLB had been outsourced without establishing its own division for the said purpose. 2. Promotional items worth of Rs. 4 million had been reported to be idling in stores. 3. It was pointed out that making advanced payments exceeding the limit of 20% without a performance bond is at risk and 9 such instances amounting to Rs.12,766,750/- had been identified by the Audit. 4. Rs.51 million for building construction out of its income had been retained without remitting to the President's Fund. 5. The Committee enquired about the current position of the outstanding advances amounting to Rs.1,539,985/- comprised of advance payments bringing forward since 2007. 6. Fixed assets and physical verification reports on the lottery branded stalls had not been furnished to audit. 	<ol style="list-style-type: none"> 1. It was stated that they had then initiated to establish an Internal Audit Division within the organization and that the recruitment process was in progress. 2. It was stated that action had then been taken to use them in promotional activities. 3. It was stated that at present, they make advanced payments on bank guarantees. 4. It was pointed out that the retention of money had been irregular as per section 18(1) and 18 (2) of the Act of the DLB. 5. It was stated that Rs. 6,82,000/- had already been recovered by then. 6. It was stated that after depreciation, they had been able to identify stalls worth of Rs. 9 million at present and agreed to do the needful at the next Board meeting to write off the book value of the stalls which had not been physically available.

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	<p>7. The procurement guidelines had not been followed on the printing of Development Fortune, Janajaya and Saturday Fortune tickets in 2010.</p> <p>8. The Committee discussed about the construction of a studio spending Rs.16,795,252/- in cash and Rs.33,491,297/- on credit which had been reported to be idling even by the time of examination.</p>	<p>7. It was stated that it had been in accordance with a Cabinet decision and the CAO/AO was directed to submit a detailed report to the Committee in this regard including the names of the board of directors functioned at that moment.</p> <p>8. The CAO/AO was directed to furnish a detailed report to the Committee with regard to this construction including the tender procedure followed.</p> <p>9. The CAO/AO was also directed to submit all the details with regard to advertising budget from 2008 to 2012 with a break down on the amounts incurred on each event taken place during this period including the allocation for Rupavahini telecast of the results.</p>
<p>Janatha Estates Development Board</p> <p>December 07th, 2012</p> <p>(Ministry of State Resources & Enterprise Development)</p> <p>Contd...</p>	<p>1. Current financial status of the Institution was discussed.</p>	<p>1. It was stated that the institution had to settle Rs.1.3 billion worth of statutory obligations and as at the date of examination, there was Rs.2 billion worth of total liabilities. It was further revealed that an accumulated loss of Rs. 6.2 billion was expected at the end of the current year.</p>

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	<ol style="list-style-type: none"> 2. There was Rs.15 million worth of receipts issued, at a time, to external parties by certain officers who had thus taken money from them on condition that they would be given blocks of land belonging to the institution. 3. With a view of raising funds to settle the outstanding statutory obligations it was suggested to use 70% of the revenue collected from cutting down of trees planted in the estates of the JEDB for timber or to lease out the two acre land in the Vauxhall street on 99 year lease. A valuation had been made as per the standards of the Timber Corporation on the trees in the estates owned by the institution. 	<ol style="list-style-type: none"> 2. The CAO/AO was directed to submit all the necessary information in this regard to the CID for investigation. 3. The CAO/AO was directed to submit a copy of the valuation reports to the Committee with a copy to the AG and he agreed to submit it within a month.
<p>Local Loans and Development Fund</p> <p>February 06th, 2013</p> <p>(Ministry of Finance & Planning)</p> <p>Contd...</p>	<ol style="list-style-type: none"> 1. The Committee noted that certain targets included in the Corporate Plan and Action Plan had not been achieved by the Fund. 2. The Committee enquired the current position of the recovery of loans granted to Dambulla Pradeshiya Saba and Kandy Municipal Council amounting to Rs. 12,000,000/- and Rs. 60,922,475/- respectively, under the Perennial Crops Development project in the year 1995. 	<p>The Committee wanted the CAO/AO to pay attention on this.</p> <ol style="list-style-type: none"> 2. The CAO/AO informed the Committee that the Kandy Municipal Council had commenced settling the loan in installment basis. With regard to the Dambulla Pradeshiya Sabha loan, the CAO/AO stated that due to the business being unsuccessful of the Shopping Complex, they were unable to settle the loan.

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Contd...	3. The Committee discussed at length with regard to the types of loans granted by the LLDF to the Local Govt. bodies.	3. It was stated that they had to face various difficulties in recovering the loans granted through the Urban Development Low Income Housing Project (UDLIHP) and as per the agreement the recoveries had to be carried out by the LLDF. The Committee directed to take a policy decision having discussed with the Hon. Minister, on the methodology they could adopt in collecting the loans.
	4. It was observed that funds given to some of the local authorities in the Northern Province had been withdrawn and handed over to the Governor of the Northern Province.	4. The CAO/AO was directed to submit a detailed report including the following information to the Committee within a week. (i) The Names of the Local Authorities to which the loans had been given with the amounts, (ii) The names of the local authorities from which the money had been withdrawn with the amounts, and the reasons for withdrawal, (iii) A statement of the unused money.
	5. The Committee discussed with regard to the training programmes conducted on capacity building for financial management and accountability by the LLDF and other such institutions.	5. The Committee wanted the Secretary to the Treasury to co-ordinate with those institutions and find out the training programmes that are being conducted by them, and prepare a Training Plan in co-ordination with those institutions, and submit a report to the Committee, including the names of those institutions.

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		6. The Committee also wanted the Local Govt. Commissioners to pay more attention and introduce new systems in the Local Authorities to enable the general public to get the services without any difficulty, and unnecessary delay.
National Enterprise Development Authority February 07th, 2013 (Ministry of Industry & Commerce)	1. Some of the targets in the Corporate Plan, had not been achieved and the Action Plan & the Budget had not been prepared based on the Corporate Plan. 2. The Committee enquired the current position on the establishment of the Technology Development Fund. 3. It was discussed with regard to SME projects that had been carried out by the Authority.	1. It was stated that the Organizational Chart was prepared based on the Corporate Plan, and with the available staff, the activities were carried out on priority basis. 2. It was stated that they had taken several steps with regard to this fund and they hope to establish the Technology Development Fund within two months' time. 3. The CAO/AO was directed to submit a list of successful enterprises that had been assisted/ developed by the Authority at district level to the Committee.
Sri Lanka Export Credit Insurance Corporation February 08th, 2013 (Ministry of Finance and Planning) Contd...	1. Out of the 27 vacancies exist in the cadre, 15 Nos. or 60% had been in the executive grade.	1. It was revealed that due to the prevailing salary scales the Corporation had been unable to recruit professional staff and the Committee wanted the Treasury to pay attention on the salary structures of the professional staff.

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	<p>2. It was noted that the 'Vilasitha Niwasa' purchased by the Corporation for Rs. 208,973,030/- in the year 2006 had been rented out to the Dept. of Police on a monthly rental of Rs. 800,000/- and the building had been acquired by the Govt. in June 2010, and handed over the ownership to the Dept. of Police and enquired the current position.</p>	<p>2. It was stated that on a directive of the then Ministry of Enterprise Development, the Vilasitha Niwasa had been purchased in 2006 and on their instructions the buildings had been rented out to the Police Dept., to be purchased by them within a year. However since the Police Dept. did not pay the rental as agreed, the new management had been able to obtain the rent with arrears, and the acquisition had been done by the Thimbirigasyaya Divisional Secretariat and the Corporation would be expecting compensation from the Divisional Secretariat.</p>
<p>Mahapola Higher Education Scholarship Trust Fund</p> <p>February 19th, 2013</p> <p>(Presidential Secretariat)</p> <p>Contd...</p>	<p>1. No Audit & Management Committee Meetings had been held in the years 2010, 2011 and 2012.</p> <p>2. The Committee observed that money which had been made available by the fund to the universities for the payment of scholarships had been sent back, without being paid to the recipients.</p>	<p>1. It was informed that action would be taken to correct the situation and agreed to hold the meetings from the year 2013 regularly.</p> <p>2. It was stated that the money remained as some of the students in the universities had not followed the courses for various reasons, and that money after a month be returned to the Mahapola Trust Fund from the universities and had been taken as revenue to the Fund. The CAO agreed to obtain a written report from every university once in every two months indicating the percentage of students who were eligible for scholarships, but not following the courses.</p>

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	<p>3. It was enquired the current position of the recovery of Value Added Tax and Withholding Tax charged by the National Wealth Corporation when paying the Interest Income to the Trust Fund.</p> <p>4. The Committee discussed the purpose of the incorporation of the National Wealth Corporation in 2003, and the investment procedures.</p> <p>5. It was observed that as per the objectives of the Act, Vocational Training Institute had not been set up to improve the skills of the youth.</p> <p>6. Although the Trust Fund had donated money for school development activities, some of the schools had been unable to carry out the maintenance work due to non availability of funds.</p>	<p>3. It was stated that although the Mahapola Trust Fund had been exempted from taxes, under the new provisions there had been no exemptions for taxes, and that they had several discussions with the Inland Revenue Dept. on this issue, but they were not willing to refund the money.</p> <p>4. It was suggested that if it was not necessary to have a third party to generate funds, and the Trust Fund only invests money in the Govt. Banks, action could be taken to abolish the National Wealth Corporation and directed the CAO to submit a report after obtaining the response of the Chief Justice/the Chairman of the Trust Fund Board, within a month to the Committee.</p> <p>5. It was suggested to take action to set up few models of vocational training institutes and to inform the Trust Fund Board to set up entrepreneurship development institutes island wide.</p> <p>6. The CAO was directed to adopt some policy and allocate funds for the maintenance of such activities and to take action to carry out such projects in North and East provinces too.</p>

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<p>National Paper Company Ltd.</p> <p>February 20th, 2013</p> <p>(Ministry of State Resources & Enterprise Development)</p> <p>Contd...</p>	<p>1. Current position of the National Paper Company Ltd. had been discussed.</p>	<p>1. Operations of the Walachchenai Paper Factory had been re-commenced and the Operations of the Embilipitiya Paper Factory, which was sold to a private investor for Rs.600 million out of which Rs.200 million was still outstanding, had been stopped for inadequate investment capacity of the investor. The Seylan Bank had taken action to auction the properties of this factory in lieu of a defaulted loan of Rs.600 million taken by the investor from the Bank. The State Resources Management Corporation had stopped this process since the lands and other fixed assets were still owned by the Government. Now they are jointly working with the Bank to find a new investor.</p> <p>The CAO/AO was directed to make the Committee aware of the steps taken by the management to find a new investor, and also to take possible action to prevent the previous management quitting the country. It was further stated that the investor had agreed to pay an annual rent of Rs. 14 million, and if they stop paying the annual rent, the management could take legal action against the investor.</p>

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Contd...	<p>2. Several robberies had been taken place in the Embilipitiya factory.</p> <p>3. Referring to the lease agreement signed with Os Lanka Paper Company (Pvt) Ltd, the Committee enquired as to why the Government valuer had computed the lease rental considering only 116 acres when it had initially been agreed to lease out 353.34 acres.</p> <p>4. The following irregularities had taken place in the Walachchenai Paper Factory for not adhering to the Financial Regulations, Tender Procedures, etc.</p> <p>(i) A stock of scrap iron/ disposable items had been sold without following the procurement guidelines and the financial regulations,</p> <p>(ii) When approval of the Board of Survey had been granted only to sell 04 motors, 125 motors had been sold without obtaining approval from the higher management,</p> <p>(iii) Tenders had not been called for the repair of the boiler,</p> <p>(iv) A land with an extent of 18 acres had been given to a private company without signing an agreement or calling for tenders to cultivate maize.</p>	<p>2. The CAO/AO was directed to submit a report to the Committee within two months time on the action taken by the management against the responsible parties.</p> <p>3. It was replied that the Mahaweli Authority, being the owner of these lands, had given certain blocks of lands to other parties at times and that the total land area had decreased upto 116 acres by the time it had been surveyed.</p> <p>4. The CAO was directed to inquire into those lapses and submit a report within a month after taking disciplinary action against those responsible officers.</p>

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	<p>5. It was enquired about a stock of books stored in the Colombo Railway Stores which was alleged to be prepared with a low quality.</p> <p>6. It was discussed about a new recruitment made for the post of General Manager, without giving an extension to the former General Manager.</p>	<p>5. The CAO/AO was directed to submit a report indicating the total quantity that had been stored in the Railway stores and the sales of each month separately.</p> <p>6. The CAO was directed to submit a report on this matter including the qualifications of newly recruited personnel along with the salary scales.</p> <p>7. The Chairman, National Paper Company Ltd. Was advised to adhere to the Government rules and regulations when making decisions and to take action to conduct workshops/seminars to make the staff aware on the government regulations and submit a report to the Committee.</p>
<p>National Institute of Co-operative Development</p> <p>February 22nd, 2013</p> <p>(Ministry of Co-operatives & Internal Trade)</p> <p>Contd...</p>	<p>1. The Committee enquired as to why the Chairman of the National Co-operative Board had participated only one and two Director Board Meetings in the years 2011 and 2012 respectively.</p> <p>2. The Committee noted that the participation of the chairmen and directors of the weak co-operative societies for Training Programmes had been unsatisfactory.</p>	<p>1. The Chairman, National Co-operative Board stated that due to various reasons, he was unable to attend the Director Board meetings, but whenever possible he had participated. The Committee directed him to give priority and ensure that he be present at every Board meeting in the year 2013.</p> <p>2. The Institute should make it compulsory to follow the training courses for all the chairmen, directors and other officials of the Co-operative Societies island wide.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
Contd...	3. It was discussed on the research activities of the Institution.	3. The CAO/AO was directed to take action to strengthen the Research Section since they should have information on the entire co-operatives in the country, and to implement a net work system island wide covering all the Co-operative Shops to compete with the organizations of such nature.
	4. It was enquired about the loss making Co-operative Societies.	4. The CAO/AO was directed to submit the following information to the Committee. (i) The total number of Co-operative Societies and the Regional Societies, (ii) A report on the profit and loss of every marketing section, co-operative society and consumer section as at 31.12.2012. The CAO/AO was also directed to prepare a report on the action taken to uplift the loss making Regional Societies.
	5. Following shortcomings on the construction of the auditorium was observed. (i) The construction work had been commenced in the year 2001 and the roof of the building had been collapsed in the year 2005, but action had not been taken to recover the loss amounting to Rs. 3,907,904 from the consultant and the construction company,	5. The CAO/AO was directed to send the following information to the Committee on the matter. (a) The preliminary estimate of the Auditorium building, (b) The method on which this contractor was selected, (c) The parties who had signed the agreement, the conditions and the total estimate of the construction,

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
<p>Contd...</p>	<p>(ii) Disciplinary action had not been taken as per the Establishment Code against the consultant for obtaining Rs.2.15 million through private practice while working in the Public Service,</p> <p>(iii) Although the construction work had not been completed yet, an overpayment of Rs. 210.5 million had been incurred for the construction.</p> <p>6. The contracts for security, cleaning and cafeteria had been awarded to a private company without calling quotations.</p>	<p>(d) The amount deposited by the contractor,</p> <p>(e) The amount paid to the contractor, and whether his work had been certified before the payment by the Buildings Dept., or any other approved person,</p> <p>(f) As to how a person already in the Govt. service had been selected as the consultant,</p> <p>(g) A report obtained from the Deputy Secretary (Engineering) on the above consultant,</p> <p>(h) The total estimate for the rest of the construction and the total amount spent,</p> <p>(i) The parties entered into the agreement,</p> <p>(j) The conditions of the agreement,</p> <p>(k) The current position on the construction work,</p> <p>(i) A report with regard to the maintenance of the Auditorium, and the income hoping to be received in future.</p> <p>6. It was stated that this company had been established under the line Ministry, and as such the Institute had obtained their services and the CAO/AO was directed to submit a report on this company to the Committee.</p>

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	7. Activities carried out by the Institution was discussed.	7. The CAO/AO was directed to give more attention on the followings. (i) Setting up of model Co-op. villages, model Co-op outlets and Regional Centres, (ii) Collaborate with other institutions which accomplish similar tasks.
B.C.C. Lanka Ltd. February 26th, 2013 (Ministry of State Resources & Enterprise Development)	1. Four acre land valued at Rs.1220 million which was to be released to the UDA had been refused by the UDA. However, Rs.40 million had already been obtained from the UDA for the removal of old buildings and machineries located in the premises. 2. The Committee discussed about the total liability of the company. 3. Measures for increasing the profits of the Institution was discussed.	1. It was stated that the UDA had then informed that they did not need this land, and that the discussions were in progress with relevant parties to develop it on a joint agreement. 2. It was revealed that the total liability of the company had been Rs. 426 million, out of which Rs. 259 million alone had been due for Bank of Ceylon. 3. It was directed to pay attention on the following matters to make the company a going concern and increase profits. (i) To prepare a Business Plan, (ii) To improve the quality of the soap, (iii) To relocate the Oil Refinery Unit in Wathupitiwala and to increase the capacity, (iv) To find a suitable investor to purchase the lands belonging to the BCC, if the UDA is not interested in buying those lands.

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Elkaduwa Plantations Ltd. February 26th, 2013 (Ministry of State Resources & Enterprise Development)	<ol style="list-style-type: none"> 1. The Committee enquired about the outstanding EPF/ETF payments. 2. It was discussed about the going concern of the Company. 3. The Committee discussed about the current performances of the Company. 	<ol style="list-style-type: none"> 1. It was stated that the poor working capital had made it difficult to settle these statutory obligations and that the Ministry had requested further funds from the Treasury since the amount of Rs. 146 million which had already been received had been released to the State Plantations Corporation and the Janatha Estates Development Board. 2. The CAO/AO was directed to prepare a new Business Plan indicating as to how they could achieve their targets on the core-business at least to reach for a going concern. 3. The CAO/AO was directed to furnish a Performance Report for the year 2012 including the current status of the Elkaduwa Plantations Ltd.
Hingurana Sugar Industries Ltd. February 26th, 2013 (Ministry of Sugar Industry Development) Contd...	<ol style="list-style-type: none"> 1. The Committee pointed out that the ownership of the lands utilized by the Hingurna Sugar Industries Ltd. was still vested with the Government as they had not been properly transferred at the time of establishing this institution and also due to the fact that it had not been re-registered under the Companies Act. 	<ol style="list-style-type: none"> 1. It was advised to present a Cabinet paper to obtain the ownership of the lands to the Hingurana Sugar Industries Ltd.

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	<p>2. It was brought to the notice of the Committee that it had been difficult to prepare the final accounts due to the problems associated with identification of assets which had not been properly done at the time of taking over the management of the company by the Government in 1997.</p> <p>3. It was observed that 500 houses had been constructed by another Government organization in 60 acre land in Norochcholai belonging to the Hingurana Sugar Industries.</p>	<p>2. The following directives were given.</p> <p>(i) To initiate the preparation of the accounts based on the list of assets taken over in 1997,</p> <p>(ii) To prepare the registers of Assets and Liabilities based on the current figures, while searching on the unidentified figures,</p> <p>(iii) To take action to recruit a legal officer/ consultant to look into these problems.</p> <p>3. It was stated that these houses had been constructed for the Tsunami affected victims and it had been handed over to the G.A. of that area but the houses had been remaining closed for over a period of 5 years and the matter would be discussed and get it solved.</p>
<p>Ceylon Fertilizer Company Ltd.</p> <p>February 26th, 2013</p> <p>(Ministry of Agriculture)</p> <p>Contd...</p>	<p>1. The Committee discussed on the methodology adopted in selecting private audit firms as auditors of certain state institutions.</p> <p>2. It was enquired as to why there had been an excess staff of 71 in the staff cadre.</p>	<p>1. The Committee was of the opinion that the Auditor General should formulate a criterion in this regard as no such comprehensive mechanism was seemed to be in existence at the moment.</p> <p>2. These 71 staff were the security guards. As it was decided to outsource the security services, the Treasury approval had been given to continue with these 71 posts as personal to them.</p>

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	<p>3. The Committee observed that the fertilizer subsidy of Rs. 130,328,770/- which had not been confirmed by the Treasury had shown as income receivable since 1988.</p> <p>4. Current position on the recovery of Rs. 23,207,583/- due from authorized dealers was queried.</p> <p>5. It was enquired as to how a sum of Rs. 27 million during the years 2011/2012 had been paid as staff incentives in contrary to the PED/12 circular.</p>	<p>3. Written approval of the Treasury had been given by then to adjust the accounts accordingly.</p> <p>4. It was stated that these were very old balances, and wherever possible the company had taken legal action against those dealers. The CAO/AO was directed to take action to adopt a methodology to recover the dues since these dealers even at present may have been carrying out their business. He was also directed to submit a report after identifying the debtors, and the steps taken by the company to recover the dues.</p> <p>5. It was stated that they had submitted the methodology in paying the incentives to the Treasury for approval in 2009, and that the company had been paying incentives to the staff on the Board's approval. The CAO/AO was directed to send a reminder to the Treasury for approval, and get it legalized.</p>

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Janatha Fertilizer Enterprises Ltd. February 26th, 2013 (Ministry of Agriculture)	<ol style="list-style-type: none"> 1. The Committee observed that the Cabinet of Ministers had decided to wind up the Janatha Fertilizer Enterprises Ltd. in 03 occasions, enquired the current position. 2. It was brought to the notice of the Committee that there had been 26 cases, and as per the Cabinet decision all files relating to litigation had to be handed over to the Lanka Fertilizer Company, but they had to obtain the approval of the Courts before handing over the files. 	<ol style="list-style-type: none"> 1. It was stated that as soon as they receive the audit reports action would be taken to summon the Annual General Meeting, and take steps to implement the Cabinet decisions by 31st May, 2013. Thereafter a Compensation Committee would be appointed to pay compensation to the staff, and keep a skeleton staff to assist the liquidator. The Committee wanted the auditors to take early action to submit the audit reports before the prescribed date. 2. The Committee wanted the CAO/AO to obtain Attorney General's views on this issue.
Kahatagaha Graphite Lanka Ltd. February 27th, 2013 (Ministry of Industry & Commerce) Contd...	<ol style="list-style-type: none"> 1. Annual Reports for the years 2009/2010 and 2010/2011 had not been tabled in Parliament. 2. Current position of the Kahatagaha graphite Lanka Ltd. was discussed. 	<ol style="list-style-type: none"> 1. The CAO/AO was directed to take action to table the Annual Reports that were in arrears in Parliament early. 2. It was stated that the company would take action to produce locally, whatever possible, in relation to the graphite industry.

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	<p>3. It was noted that the sales on the production of the Company had been declined.</p> <p>4. It was observed that an adequate internal audit had not been carried out by the Ministry appointed officer.</p>	<p>3. The Committee was of the opinion that the Company should strengthen their marketing research to find out new market opportunities to obtain maximum benefit on the sale of graphite to foreign countries.</p> <p>4. As this officer had been appointed only recently that had been occurred and the Committee wanted the CAO to take action to strengthen the functions of the Internal Audit Unit.</p>
<p>Mantai Salt Ltd. February 27th, 2013 (Ministry of Industry & Commerce)</p> <p>Contd...</p>	<p>1. The Committee enquired as to why the production of salt in Jaffna saltern (Chemmani) had been discontinued from October 2011.</p> <p>2. The current position with regard to the cash cheque amounting to Rs. 2 million issued by the Mantai Salt Ltd., as donation in favour of the Ministry of Industry and Commerce which had not been received by the Ministry was enquired.</p>	<p>1. It was revealed that due to poor soil condition, the expected quality of salt could not be produced, and as such the saltern was running at a loss and the management had to stop the production temporarily.</p> <p>2. It was stated that a complaint was made to the Fraud Bureau, and after the investigations the Fraud Bureau had informed that there was no evidence to prove the complaint. The Committee was of the opinion that if the Mantai Salt Ltd. had maintained the systems methodically, such a situation would not have occurred.</p>

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	<p>3. Action that could be taken to develop the salt industry and to increase the profits were discussed.</p> <p>4. It was observed that in addition to Rs. 2 million above, another Rs. 1,223,326/- had been granted by the Mantai Salt without the approval of the Cabinet.</p>	<p>3. The following proposals were made.</p> <p>(i) To increase the investments on value added products, and to establish new salterns,</p> <p>(ii) To introduce a cost accounting system and to recruit a Cost Accountant,</p> <p>(iii) To focus development programmes on core business activities.</p> <p>4. The CAO agreed to look into the above and report to the Committee.</p>
<p>North Sea Ltd. February 27th, 2013 (Ministry of Traditional Industries & Small Enterprise Development)</p> <p>Contd...</p>	<p>1. The Committee queried about the Presentation of Annual Reports in Parliament.</p> <p>2. It was enquired as to why income tax in terms of Inland Revenue Act had not been paid by the Company.</p> <p>3. Rs. 40 million worth of share capital had not been reflected in the financial statements.</p>	<p>1. It was stated that 2010/2011 Annual Report had already been tabled in Parliament and 2011/2012 Annual Report had been completed, and would be tabled it in Parliament by the 1st week of April, 2013.</p> <p>2. It was informed the Committee that upto 2011 the company had not paid the income tax, but after pointed out by the private auditors the North Sea Ltd. had now taken steps to file the returns to the Inland Revenue Dept. for the year 2013.</p> <p>3. It was stated that action had been taken to transfer the assets legally to Secretary to the Treasury.</p>

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	<p>4. It was noted that the last Annual General meeting had been held without with out a representation of the Treasury (Share Holder), and also the Annual Returns sent to Registrar of Companies were not legal.</p>	<p>4. The CAO/AO was directed to ensure that this shortcoming is regularized.</p>
<p>Thurusaviya Fund February 27th, 2013 (Ministry of Plantation Industries)</p>	<p>1. The Committee enquired as to why replies to some audit queries issued by the Auditor General's Dept. had not been submitted.</p> <p>2. It was noted that there had been 15 vacancies in the staff cadre.</p> <p>3. The total amount to be received by the Thurusaviya Fund for providing Advances, Scales and Role Pairs for the Thurusaviya Societies had been Rs. 1,377,165/-.</p> <p>4. Even though Rs. 466,408/- had been incurred for foreign official visits of the former Chairman, study reports had not been furnished by him.</p>	<p>1. It was stated that other than 01 audit query issued in the year 2012, replies to the rest of the audit queries had been furnished.</p> <p>2. It was stated that action would be taken to obtain the approval of the Dept. of Management Services and fill the vacancies before the end of the year.</p> <p>3. These loans had been provided for the persons who had been registered in the Thursaviya Societies, and the Fund had now taken action to recover the outstanding amounts.</p> <p>4. It was stated that although the management had sent several reminders, he had not furnished the study reports.</p>

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Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	<p>5. There were instances where the Field Officers had not carried out their duties as required and the following shortcomings were observed.</p> <p>(i) There had been instances where the Advance Programmes had been amended and presented,</p> <p>(ii) There had been no relationship between the Advance Programmes presented and work done,</p> <p>(iii) Travelling expenses had been made for the work completed without proper supervision or due approval,</p> <p>(iv) Advance Programmes had not been furnished in several instances.</p> <p>6. The Financial status of the Thurusaviya Fund was discussed and observed that the operational expenditure had been increased when compared with the income.</p>	<p>5. The CAO/AO was directed to adopt a methodology to overcome those shortcomings.</p> <p>6. The CAO/AO was directed to take action to strengthen the revenue of the Fund and ensure that the Thursaviya Fund shows a better progress in future.</p>
<p>Kalubovitiyana Tea Factory Ltd.</p> <p>February 27th, 2013</p> <p>(Ministry of Plantation Industries)</p> <p>Contd...</p>	<p>1. The Committee enquired whether action had been taken to obtain the quality certificate, according to the recommendations of the Tea Board.</p>	<p>1. Once the installation of new line for the CTC machines had been completed, necessary repairs for the machines are done, action would be taken to obtain the quality certificate for the Kalubovitiyana Tea Factory, and the Deranagala Factory.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
Contd...	2. The current position with regard to the settlement of Rs. 22,465,416/- payable to the Sri Lanka Tea Board.	2. It was stated that having discussed with the Hon. Minister, the Board of Directors of the Tea Board had approved to write-off this amount from their books of accounts.
	3. There had been a difference amounting to Rs. 1,876,368/- between the balances of 06 stock accounts and the relevant schedules.	3. It was stated that the accounts had been reconciled and that action would be taken to rectify the accounts through a private auditor. The Committee wanted the CAO/AO to select a private auditor from the list of the Auditor General after obtaining the approval from the Treasury.
	4. The Committee questioned with regard to the maintenance of a Fixed Assets Register.	4. It was stated that they had now taken steps to prepare the Fixed Assets Register, and the CAO/AO agreed to submit it to the audit once it is completed.
	5. It was enquired as to what action had been taken by the Company to recover the loan amounting to Rs. 10 million given to BCC Lanka Ltd., at an interest rate of 22% in the year 2003.	5. It was stated that the BCC Lanka had requested to reduce the interest rate, and as such the management was in the process of calculating the rates according to the recommended interest rates in the Bank Sector, and the BCC Lanka had agreed to settle the dues.
	6. Cheques to the value of Rs. 798,461/- received from a Broker Company in the year 2009 had been canceled, but action had not been taken to recover this amount.	6. As these cheques had been returned, and since this company had been closed down, the matter had been referred to the Attorney General for his advice.

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	<p>7. As per the Corporate Plan there should be lands in extent of 08 acres owned by the Derangala Tea Factory, but the value of the said lands had not been disclosed in the accounts.</p> <p>8. It was enquired with regard to the vacancy of the post of Internal Auditor.</p> <p>9. The Committee enquired about the vehicles belonging to the Kalubovitiyana Tea Factory.</p>	<p>7. It was stated that the villagers had encroached some of the lands around the Tea Factory, and that the Management had requested the Divisional Secretary to survey and inform the exact area of available lands. The Committee wanted the CAO/AO at least to take the ownership of the lands which are available at present.</p> <p>8. It was stated that the approval of the Dept. of Management Services had been obtained, and that action would be taken to fill the post early.</p> <p>9. It was directed the CAO/AO to submit a detailed report indicating the number of vehicles under their custody, the amount spent for maintenance and the basis the allowances had been made.</p>
<p>Sri Lanka Rubber Manufacturing & Export Corporation Ltd.</p> <p>February 28th, 2013</p> <p>(Ministry of State Resources & Enterprise Development)</p> <p>Contd...</p>	<p>1. The current status of the Corporation was discussed.</p>	<p>1. It was stated that as per the Cabinet decision of 2010, 03 institutions; i.e. Mawanella Factory, Tyre & Tube Factory and the Baduraliya Factory of the Corporation had been leased out on long term basis, and only the maintenance of the Elpitiya Factory is being carried out by the Corporation until they find a suitable investor.</p>

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	<p>2. It was questioned with regard to the liabilities of the Corporation to the People's Bank and the Treasury.</p>	<p>2. The CAO/AO stated that after having discussions with the People's Bank, they had been able to settle the capital. The interest had been exempted. It was further added that after leasing out the Elpitiya Factory, action would be taken to settle the amount due to the Treasury.</p>
<p>Kantale Sugar Industries Ltd.</p> <p>February 28th, 2013</p> <p>(Ministry of Sugar Industry Development)</p>	<p>1. The current status of the Kantale Sugar Industries was discussed.</p> <p>2. The Committee noted that the accounts had not been audited.</p> <p>3. Future activities of the Kantale Sugar Industries were discussed.</p>	<p>1. It was stated that at the time the Kantale Sugar Industries was under the Ministry of State Resources and Enterprise Development, an investor had been selected to hand over the Kantale Sugar Industries, but it was not approved by the Cabinet. He further added that at present the Kantale Sugar Industry is under the Ministry of Sugar Industry Development.</p> <p>2. It was stated that the 2010 accounts had been audited and agreed to submit the 2011 and 2012 audited accounts to the Auditor General early.</p> <p>3. The CAO/AO was informed to prepare a Business Plan and submit to the Committee after taking a policy decision on the future activities of the Institution.</p>

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Lanka Salusala Ltd. February 28th, 2013 (Ministry of State Resources & Enterprise Development)	<ol style="list-style-type: none"> 1. The current position of the Lanka Salusala Ltd. was discussed. 2. The Committee observed that the loss of the institution had been increasing badly. 	<ol style="list-style-type: none"> 1. It was stated that the Salu Sala is now under restructuring process and that they expect to terminate the services of around 200 excess staff by introducing a Voluntary Retirement Scheme (VRS). 2. The CAO/AO stated that the institution which depends only on the clothing materials confiscated by the Dept. of Customs, had found it difficult to compete with the strong private sector with the existing business model
STC General Trading Co. Ltd. February 28th, 2013 (Ministry of Co-Operatives & Internal Trade)	<ol style="list-style-type: none"> 1. The Committee discussed regarding the recovery of the debtor balance amounting to Rs.209 million as per the directive given at the last COPE meeting. 2. It was discussed about the expansion of the network. 3. It was also noted the risk of recruiting personnel on contract basis for high ranking posts of the institution which would lead to issues on accountability. 	<ol style="list-style-type: none"> 1. It was stated that there had been only around Rs.1million to be recovered further from this amount. 2. The official from the Treasury pointed out the importance of expanding the existing network and also to downsize the degree of dependency on the state sector.

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<p>Sri Lankan Airlines Ltd.</p> <p>March 01st, 2013</p> <p>(Ministry of Civil Aviation)</p> <p>Contd...</p>	<ol style="list-style-type: none"> 1. On the request of the Committee the CAO/AO gave a brief account on the previous year performance of the company. 2. The Committee discussed on the losses continued to be incurring out of the European destinations. 3. It was discussed with regard to the projected revenue of the company for the coming years. 	<ol style="list-style-type: none"> 1. Although the Company had managed to increase the group revenue by 18%, the operating expenditure had also increased by 34% as a result of the steps taken to increase the capacity factor by around 60%. It was enquired as to why such a decision was taken when no other airline in the industry had gone for capacity increase projects due to the prevailing economic conditions and the CAO/AO stated that, in the long run, the decision to increase the capacity factor would be a right decision although it had led to the increase of net loss then. 2. It was stated that almost 60% of the losses incurred by the company last year had been due to the European operations and that they had downsized the operations in this region after which a favourable outcome had been achieved. 3. As it was stated that it would be able to come to a breakeven in another 3 to 4 years provided that it could maintain the increase of cost around 2% against the generated revenue, the CAO/AO was directed to submit the projected revenue for coming years to the Committee.

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	<p>4. The Committee enquired into the impact on the total cost due to the additional run of aircrafts to Mattala.</p> <p>5. The financial position of the company was extremely unfavourable.</p>	<p>4. The CAO/AO agreed to send a report to the Committee on this matter.</p> <p>5. The CAO/AO was directed to pay special attention in this regard since the Banking Sector in the country was also under a threat due to the large borrowings of the company.</p> <p>6. The Committee was of the view that it was high time to focus attention on formulating a new aviation policy as far as the new trends and challenges faced by the industry were concerned and wanted the CAO to work on it.</p>
<p>Chilaw Plantations Ltd.</p> <p>March 01st, 2013</p> <p>(Ministry of Coconut Development & Jannatha Estate Development)</p> <p>Contd...</p>	<p>1. On the request of the Committee, the AO gave a briefing on the performance and the activities of the Chilaw Plantations Ltd. He stated that after paying arrears to the staff as per the collective agreement from 1992, they had been able to obtain a profit of Rs. 114 million and Rs. 97 million respectively for the years 2010 and 2011.</p> <p>2. The Committee enquired the action taken by the Management to control the disease named Aceria Coconut Mite menace.</p>	<p>2. It was stated that the Coconut Research Board had been able to find out a predator to control the Aceria Coconut Mite, and that the damage had been reduced by 90% in the Palugaswewa Estate. It was further stated that action had also been taken to establish breeding labs of this predator island wide.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	<p>3. A query was raised by the Committee with regard to the replanting of coconut in the North and Eastern Provinces.</p> <p>4. The Chilaw Plantations had given loan facilities to some of the loss making institutions on the request of the Treasury.</p> <p>5. Having discussed about the coconut estates being blocked out for sale, and thereby the coconut production be declined in the country.</p> <p>6. The Committee noted that an Estate Superintendent who had been engaged in administrative irregularities had been appointed as the Co-ordinating Officer of the Chilaw Plantations.</p>	<p>3. Replanting process had already been commenced under the Kapruka Pura-wara Programme.</p> <p>4. The CAO/AO was directed to ensure that no such money be given to any of the institutions, and if there had been a request from the Treasury, to release the money to the Treasury.</p> <p>5. The CAO/AO was directed to adopt a system, where the people who purchase the blocks cultivate at least 4- 5 coconut plants to overcome this situation. It was stated that the Fragmentation Board is under the Ministry of Plantations, and that they would request the Fragmentation Board to make aware the Ministry of Coconut Development of such institutions who carry out block out of lands to give the necessary instructions.</p> <p>6. It was mentioned that he had been appointed for an extension programme for only a period of 02 months.</p>

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<p>Kurunegala Plantations Ltd.</p> <p>March 01st, 2013</p> <p>(Ministry of Coconut Development & Jannatha Estate Development)</p> <p>Contd...</p>	<ol style="list-style-type: none"> 1. On the request of the Committee, the AO giving a brief on the performance for the last 02 years stated that after transferring this institute to the Ministry of Coconut Development and Jannatha Estates Development in November 2010, they had been able to get the highest income of Rs. 596 million, and the highest profit of Rs. 226 million in the year 2011. 2. The Committee observed that out of acreage of 5,352.30 belonging to the Plantations, 716.33 acres had not been utilized. 3. The documentary evidence with regard to the handing over of 15 hectares of land to the Land Reform Commission had not been submitted to the audit. 4. It was questioned on the action taken by the Company to improve the rubber plantation. 	<ol style="list-style-type: none"> 2. It was stated that reserved forest area, buildings, roads, marshy lands, etc. had been included in the 716.33 acres, and that action had been taken to cultivate alternate crops, wherever it was not suitable for coconut cultivation. 3. It was agreed to submit the same to the audit. 4. It was stated that the acreage of the rubber plantation had been increased and considering the value addition of latex, action had been taken to construct a factory at Attanagalla to produce rubber products.

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE								
	<p>5. The operations in the Tractor Division had been at a weak level.</p> <table><tr><th><u>Year</u></th><th><u>Loss (Rs.)</u></th></tr><tr><td>2011</td><td>1,845,069</td></tr><tr><td>2010</td><td>1,654,886</td></tr><tr><td>2009</td><td>2,095,501</td></tr></table>	<u>Year</u>	<u>Loss (Rs.)</u>	2011	1,845,069	2010	1,654,886	2009	2,095,501	<p>5. It was stated that all the tractors owned by the Kurunegala Plantations were being repaired at this workshop charging a very reasonable amount, and that they expect to repair all the tractors belonging to the Institutes that are under the Ministry of Coconut Cultivation and Janatha Estates Development to overcome this situation.</p>
<u>Year</u>	<u>Loss (Rs.)</u>									
2011	1,845,069									
2010	1,654,886									
2009	2,095,501									
<p>Central Cultural Fund</p> <p>March 01st, 2013</p> <p>(Ministry of Culture & the Art)</p>	<p>1. The Committee observed that even though the Director Board Meetings should be held once a month as per the PED/12 Circular, the Board Meetings had not been held accordingly.</p> <table><tr><td>2010</td><td>- 01 meeting</td></tr><tr><td>2011</td><td>- 04 meetings</td></tr><tr><td>2012</td><td>- 04 meetings</td></tr></table> <p>2. The Action Plan had not been prepared based on the Corporate Plan, and also Annual Progress Report had not been prepared.</p> <p>3. It was enquired whether the Master Procurement Plan for the year 2013 had been prepared.</p>	2010	- 01 meeting	2011	- 04 meetings	2012	- 04 meetings	<p>1. As it was stated that action plan had already been prepared to have monthly Board meetings for the year 2013, and the dates would be informed to the Hon. Prime Minister’s Office in advance, the Committee wanted the Secretary to the Prime Minister to take appropriate action to summon the Board Meetings as scheduled.</p> <p>2. As it was stated that the Action Plan had been prepared for the year 2013, the CAO/AO was directed to submit same to the Committee as well as the audit.</p> <p>3. The CAO/AO agreed to submit it after obtaining the approval of the Board of Directors. However it was pointed out that the approval of the Board of Directors should be obtained prior to the commencement of that particular year, and informed that all these shortcomings were discussed at the last COPE meeting held on 08.04.2011.</p>		
2010	- 01 meeting									
2011	- 04 meetings									
2012	- 04 meetings									
Contd...										

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
Contd...	<p>4. There were 182 vacancies, and out of the 04 Senior Management Level posts, 03 of them had been in the acting positions.</p> <p>5. The Committee enquired whether action had been taken to recover the value of the books which had been misplaced at the BMICH Book Fair, from the responsible officers.</p> <p>6. Although 7941 jobs at the cost of Rs. 18,316,038/- had been planned to be completed in the Abayagiriya Project in the year 2011, such activities had not been initiated.</p> <p>7. It was enquired as to why the Fund had not been able to achieve the excavation and preservative activities as planned during the years 2010 and 2011.</p>	<p>4. It was stated that due to a problem on the previous Plan of Restructuring, there had been a delay in filling vacancies, but within a period of one month action would be taken to fill the vacancies.</p> <p>5. It was stated that the total value of Rs. 77,000/- had been recovered by now from those officials. The CAO/AO was directed to submit the relevant details to the audit.</p> <p>6. It was stated that by now 99% of the planned activities had been completed.</p> <p>7. It was stated that due to unexpected breakdowns, a longer period had been required to complete the work, but in 2013, the Fund had decided to commence only the projects that could be completed.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
Contd...	<p>8. The following unsettled balances were observed.</p> <p><u>Unsettled Period As at 2011 (Rs.)</u></p> <p>Debtor Balances (2–24years) 1,658,005/-</p> <p>Advance Account (1–18years) 1,197,401/-</p> <p>Staff Loans (Over 05 years) 2,913,595/-</p>	<p>8. The CAO/AO was directed to furnish a report on the staff loans with an age analysis and the action taken to recover the outstanding balances. The Committee also wanted the CAO to give more attention to the Administration and Finance sections and to take action to clear the old outstanding balances.</p>
	<p>9. An advance of Rs.1,382,055/- had been paid to a private contractor in 2001 for preservation of gravel roads in the Pollonaruwa Archeology complex, but due to breach of contract by the contractor, on a case filed by the Fund, the court had ordered the Company to pay Rs. 4,472,151/- to the Fund, where the Fund had not taken action to recover the money.</p>	<p>9. It was stated that the company did not appear before the courts, and the order had been given on an arbitration case, and the Fund had now taken action to file a case in the Supreme Court with the assistance of the Attorney General.</p>
	<p>10. It was observed that an audit opinion had not been given on the financial statements due to accounting deficiencies.</p>	<p>10. It was stated that after 20 years, in 2009 the audit had declared a subject opinion, and that action had been taken to rectify 75% of the accounting deficiencies in the 2011 accounts.</p>

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	<p>11. The following fixed assets had not been included in the Financial Statements.</p> <p>(i) 07 buildings acquired in time to time from 1983 amounting to Rs. 414.7 million</p> <p>(ii) 21 vehicles acquired from the year 1984 to 2004 as foreign funded grants</p> <p>(iii) Action had not been taken to revalue and account the fully depreciated property, plant and equipment totaling to Rs. 132,053,127/- and to dispose the unusable assets</p>	<p>11. The CAO/AO was directed to take action to rectify those errors and also to regularize all accounting deficiencies, and submit a report to the Committee within 06 months time.</p>
<p>Cey-Nor Foundation Ltd.</p> <p>March 01st, 2013</p> <p>(Ministry of Fisheries & Aquatic Resources)</p> <p>Contd...</p>	<p>1. The Committee enquired the current position of the restaurant situated in the Beira Lake.</p> <p>2. The Committee questioned on the action taken by the Foundation to recover net assets valued at Rs. 12,752,650/- of the fishing net factory belonging to the Foundation, but vested in the North Sea Ltd.</p>	<p>1. It was stated that the restaurant had been leased out to a private party for 20 years, of which 12 years had been completed by now and the tenant pays the rent, but the profit share is not being paid, as they always show a loss in their accounts, and the Foundation frequently send reminders to them.</p> <p>2. It was stated that since this factory had been transferred on a Cabinet decision, Treasury had informed the North Sea Ltd., to pay this amount to the Foundation within 06 months. However upto now the amount had not been settled by them.</p>

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	<p>3. The Committee enquired the current position on the recovery of the outstanding balance of Rs. 393,865/- on the sale of fishing boat in the year 2009 on installment basis.</p> <p>4. It was queried on the settlement of the outstanding Withholding Tax amounting to Rs. 2.6 million since 2001.</p> <p>5. It was observed that the plant and machinery purchased on lease basis from the Central Finance Company to the value of Rs. 19,519,181/- are now being utilized by the North Sea Ltd., and due to non-payment of the monthly installment, the Central Finance Company had taken legal action against the Cey -Nor Foundation.</p> <p>6. The Committee was informed that in contrary to the Establishment Code, a member of a Provincial Council is working as the Managing Director of the Foundation.</p>	<p>3. It was stated that they had taken legal action to recover the outstanding balance.</p> <p>4. It was stated that this amount had to be paid by the Inland Revenue Dept. to the Foundation, and after having discussions with the Inland Revenue Dept., since there was no evidence to prove the foundation had taken action to write off this amount after obtaining the Board's approval.</p> <p>5. It was stated that on the Treasury instructions the assets had now been transferred to the North Sea Ltd., and after reporting this position to the Central Finance Company, they had released the Cey-Nor Foundation from the relevant court case. The Committee wanted the Private Auditors to inform the current position to the Auditor-General's Dept.</p> <p>6. It was stated that they had explained the matter in writing to the Treasury, as to why he had been holding both positions, but upto now no reply had been received from the Treasury in this regard. The Committee wanted the CAO/AO to discuss with the Treasury and get the matter solved.</p>

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<p>Lanka Mineral Sands Ltd.</p> <p>March 04th, 2013</p> <p>(Ministry of State Resources & Enterprise Development)</p>	<ol style="list-style-type: none"> 1. As per the brief made by the Chairman of the Company, they had got a remarkable progress and dividends had also been paid as 500mn, 563 mn and 1700mn respectively in the years 2010, 2011 and 2012. It was discussed the action taken by the Company on the value addition to the products. 2. As per the conditions laid down in the agreement, the entire value of the minerals needs to be paid in foreign currency within 14 days, but there had been two instances where the goods value had been settled both in foreign currency and the local currency. 3. The Committee enquired as to why action had not been taken to recover Rs. 12,374,632/- due from Asha Lanka Company for the purchase of the ship named "Cordiality" for scrap iron. It was also asked whether they had entered into any written agreement. 	<ol style="list-style-type: none"> 1. The Committee wanted the CAO/AO to enter into partnerships with the universities and to take steps to increase the value addition of the mineral products. 2. It was stated that most buyers purchase minerals for the Chinese market, and when there had been a delay in getting the money from the foreign buyers, the local agents settle the amounts in local currency. 3. It was stated that this transaction had taken place in the year 2006 during the war period, and that the agreement had not been prepared covering all necessary conditions and although they had requested the due amount on several occasions, Asha Lanka had not taken action to settle the dues. The CAO/AO was directed to submit a report on this issue to the Committee.

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Skills Development Fund Ltd. March 04th, 2013 (Ministry of Youth Affairs & Skills Development)	<ol style="list-style-type: none"> 1. The Committee discussed on the programmes/workshops conducted by the Fund in the year 2012 and to be conducted during the year 2013 for the private and Govt. Institutions. 2. It was observed that the meetings of the Board of Directors had not been held monthly. 3. The Committee was informed that there had been no records on the presentation of the Annual Reports in Parliament by the Skills Development Fund. 4. It was observed that there had been a balance of Rs. 207,659/- in the Accounts Receivable and Rs. 180,533/- in the Accounts Payable for more than 3 years. 5. It was observed that the Fund had paid dividends only to one shareholder , where they had not taken action to pay dividends to the Treasury. 6. The Committee noted that in the absence of the Internal Audit Unit in the Fund, the line Ministry had not taken any action to carry out the audit functions of the Skills Development Fund. 	<ol style="list-style-type: none"> 1. The CAO/AO was directed to furnish a list of the names of those private and Govt. Institutions that had been catered by the Skills development Fund. The Committee also wanted the CAO/AO to pay attention on carrying out training programmes for the Informal Sector too. 2. The CAO/AO was directed to take action to summon Board Meetings regularly. 3. It was stated that action would be taken to table the Annual Reports in Parliament from this year. 4. The CAO/AO was directed to submit a report on the above balances to the Committee as well as the audit. 5. The CAO/AO agreed to pay attention on this issue. 6. It was stated that the audit unit of the Company is now functioning properly.

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	7. Approval of the Board of Directors had not been obtained for the Corporate Plan prepared for the period 2013 – 2015.	7. The CAO was directed to prepare a Corporate Plan as per the guide lines.
<p>Paranthan Chemicals Ltd.</p> <p>March 04th, 2013</p> <p>(Ministry of State Resources & Enterprise Development)</p> <p>Contd...</p>	<p>1. It was questioned whether the management has any plans to re-establish the Paranthan Factory which was closed down due to the disturbances from the terrorist activities.</p> <p>2. It was enquired as to why the refilling of chlorine had been outsourced to a private party incurring a large amount of money.</p>	<p>1. It was stated that by now imported Chlorine is released to the market and the proposal of re-establishing of the factory was being considered, but they were in a difficulty in obtaining salt, the main raw material for the production of Causitic Soda, since the Salt-ern which supplied salt to the former factory is now under a separate Ministry.</p> <p>The CAO/AO was directed that if the Paranthan Chemicals Company is looking for an investor for the re-establishment of the Paranthan Factory, to select the investor according to the Govt. policies.</p> <p>2. It was stated that due to a chlorine leakage occurred in the Kalutara refilling unit in April 2012, there had been unrest among the people in that area, and as such they had to do so in order to supply chlorine continuously to the Water Board.</p>

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Contd...	3. Treasury approval had not been obtained for granting donation of Rs. 800,000/- to the Sports and Welfare Society of the Company.	3. It was stated that although they had written to the Treasury requesting approval, the Treasury had approved only upto a limit of Rs. 300,000/- only. The Committee wanted the CAO/AO to adopt a methodology on granting donations and as to how the expenses should be made in future.
	4. The Committee enquired about the investment of money in private banks without obtaining Treasury approval.	4. It was stated that after the last COPE meeting, they had taken action to invest money in the state banks, except for one fixed deposit in the Hatton National Bank. The Committee was of the opinion, that if the company has any advantage of investing money in private banks, they need to obtain approval from the relevant authorities, and wanted the Paranthan Chemicals to have a better co-ordination with the state banks.
	5. It was noted that although 18% of the purchasing cost for chlorine had been paid to the relevant supplier's agent in Sri Lanka, the aforesaid agent had not provided a significant service to the Paranthan Chemicals.	5. It was mentioned that the normal practice had been to pay this commission to the Agent, but at present they were discussing with the agents to see whether they could reduce the purchase price.

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	<p>6. A query was raised with regard to the issuing of the quality certificate for the chlorine that is being imported to the country.</p>	<p>6. It was revealed that the accredited Laboratories of that particular country where the chlorine is imported issue the quality certificates. The Committee was of the view that there should be some institution in Sri Lanka to test the quality of imported chlorine, wanted the CAO/AO to look into this matter, and to submit a report at Ministry level on the testing of the quality of chlorine, to the Committee.</p>
<p>Sir John Kotelawala Defence University March 05th, 2013 (Ministry of Defence and Urban Development)</p> <p>Contd...</p>	<p>1. The Committee observed that Officers and Soldiers of three Forces had been attached to the University in addition to the approved cadre.</p> <p>2. It was enquired about the unsettled advances of Rs. 152,187,807/- as at 31st December 2012.</p>	<p>1. It was stated that the University had attached officers from all Three Forces to the academic staff as well as for providing security for the University which is located in a land of more than 50 acres. In this context the Defence University is unable to be conducted only with the civil staff. The CAO was directed to get the necessary approval from Three Forces.</p> <p>2. It was stated that the action had been taken to settle the advances except the advance paid for the construction of the Medical Faculty building which was being constructed.</p>

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	<p>3. The grants received from the International Forces Education and Training Funds in the United States of America from 2002 to 2007 had not been valued and brought to the accounts.</p> <p>4. A lecturer had served in the University nearly for one year forwarding forged higher educational certificates and drawn salaries and allowances of Rs. 544,484/-.</p> <p>5. It was enquired as to why action had not been taken to recover the loan balances totaling Rs. 175,194/- recoverable from 5 officers who retired and left the service.</p> <p>6. The Committee drew the attention on the payment of Rs. 7,836,776/- on photocopies of bills in 09 instances.</p>	<p>3. The AO stated that since the US Embassy had not responded for the enquiries made by the University regarding the value of funds received, they had appointed an Evaluation Board for this purpose and that Board had completed the respective evaluation.</p> <p>4. AO stated that legal action had already been taken against the lecturer who forwarded the forged certificates, while taking necessary action to get the qualifications confirmed by the respective institutions before making recruitments to prevent this kind of frauds in the future.</p> <p>5. It was stated that action had been taken to recover those balances.</p> <p>6. The CAO/AO was directed to streamline the process of payment to avoid this kind of shortcomings in future.</p>

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<p>National Dangerous Drugs Control Board</p> <p>March 05th, 2013</p> <p>(Ministry of Defence & Urban Development)</p> <p>Contd...</p>	<ol style="list-style-type: none"> <li data-bbox="480 293 816 782">1. It was brought to the notice of the Committee that the lack of resources including the staff had been a major constraint to meet the objectives of the institution and they had to terminate the services of army personnel, those who had been rendering a commendable service to the institution, due to a query raised by the Auditor General on the re-recruitment of retired government servants. <li data-bbox="480 846 816 1149">2. The Committee noted that the accused those who were remanded for minor offences were vulnerable to get addicted or involved with antisocial activities, if they happen to be more close to the criminals while their being in the remand. <li data-bbox="480 1213 816 1323">3. It was discussed about the existing law to restrict the pharmacies in selling harmful drugs to children. 	<ol style="list-style-type: none"> <li data-bbox="832 293 1170 473">1. The Auditor General pointed out the possibility of amending the existing regulations to facilitate the Institution to get their needs fulfilled. <li data-bbox="832 846 1170 1116">2. The Committee wanted the CAO to see whether it was possible to have a system in which the accused of the above nature did not receive the company of the criminals during the period spent in remand. <li data-bbox="832 1213 1170 1506">3. It was stressed the importance of bringing in reforms to the existing law to restrict the pharmacies in selling harmful drugs to children as in the present context, the punishment for such an offence is limited only to fine.

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	<p>4. It was observed that an Internal Audit Division had not been established in the institution.</p> <p>5. It was enquired about the continuous increasing of deficit referring to the directive given at the previous meeting of the COPE.</p> <p>6. The institution had no access to most of the international schools for supervision owing to the fact that these schools did not come under the purview of the Ministry of Education and there was a growing trend of international school students getting addicted to drugs.</p>	<p>4. It was stated that the relevant recruitments in relation to an internal audit division could not be made as the SOR had not yet been approved and further stated that the internal auditing of the institution was currently being done by the Internal Audit division in the Ministry. The CAO/AO was directed to send those audit reports to the Auditor General.</p> <p>5. As the AO stated that the delays caused in receiving funds had resulted this situation where the creditor's balance had to be carried forward increasing the expenditure in the following year, the Auditor General pointed out that the institution wouldn't have faced this problem if the accrued basis of accounting was followed. The Committee wanted the CAO/AO to correct the 2012 accounts as stated above while getting the necessary assistance from the Auditor General.</p> <p>6. the Committee stressed the importance of revising the relevant law to clear the bottlenecks.</p>

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<p>Rakna Arakshana Lanka Ltd.</p> <p>March 05th, 2013</p> <p>(Ministry of Defence & Urban Development)</p>	<ol style="list-style-type: none"> 1. The Committee enquired about the category of personnel who were recruited to the Company. 2. It was enquired whether the Company, as a unit of providing marine security, has taken any action on the threat caused to Sri Lanka Fishermen by the Indian Fishermen in the Northern Sea. 3. It was questioned about the matter pointed out at the last Committee meeting that the Company has invested funds without obtaining the Treasury approval. 4. The financial position of the Company was discussed. 	<ol style="list-style-type: none"> 1. It was stated that the ex-security personnel those who have retired or legally resigned from the Sri Lanka Armed Forces and Police Service were recruited and they were being paid a salary in addition to their pension. 2. It was stated that this matter has not yet been considered by the Company. 3. It was stated that being a private company, it was not required to obtain Treasury approval and the problem had been regularized by obtaining the approval of the Board of Directors. 4. The CAO/AO was directed to send a copy of the Financial Statement to the Committee.
<p>Lanka Logistics & Technologies Ltd.</p> <p>March 05th, 2013</p> <p>(Ministry of Defence & Urban Development)</p> <p>Contd...</p>	<ol style="list-style-type: none"> 1. The Committee enquired as to why the bank over draft balance had increased by 200% in comparison to that in the previous year. 	<ol style="list-style-type: none"> 1. It was stated that the additional expenditure incurred out of the project of relocating the Defence Ministry undertaken by the Company, had made the account overdrawn since the income related to the project was to be received by the following year.

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	<p>2. A trade debtor balance of Rs.253,197/- had been outstanding for more than two years.</p>	<p>2. It was stated that these outstanding amounts had been mainly from the three forces who had been the only customers of this company. The Committee wanted the CAO/AO to be concerned on the recovery of debts.</p> <p>3. The treasury officials pointed out the importance of having a new business model for this company in order to survive as a going concern.</p> <p>4. The Committee wanted the CAO/AO to prepare a new corporate plan and let the Committee be informed of its future plans once it was discussed in the Board.</p>
<p>Milk Industries of Lanka Company (MILCO) Ltd.</p> <p>March 05th, 2013</p> <p>(Ministry of Livestock & Rural Community Development)</p> <p>Contd...</p>	<p>1. The Committee enquired the reasons for the rapid down turn in profits since 2008/2009, which had turned into a loss of Rs. 227 million in 2011/2012.</p>	<p>1. It was stated that the consequence of not increasing the price of milk powder as against the high production cost resulted due to the increase of fuel prices and the increase of purchasing price of fresh milk from Rs. 28/- to Rs. 50/- had caused this situation. The officials from the Treasury stated that increasing of the purchasing price of fresh milk upto Rs. 50/- could not have any effect on the loss, as the Treasury had set off the difference between the new purchasing price and the old price by paying about Rs. 190 million to the company where there was only Rs. 34 million to be settled further.</p>

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<p>Contd...</p>	<p>2. It was also observed that the Company had been only at a breakeven by January 2013, even after the adjustment of prices.</p>	<p>2. The CAO/AO was directed to submit a detailed report on the loss together with an explanation as to how the Treasury payment was set off against the losses.</p>
	<p>3. The Committee discussed on the loss of Rs. 59 million incurred due to discarding of milk which was not fit to the human consumption.</p>	<p>3. It was stated that the collected fresh milk during the concerned period of time, had surpassed the affordable production capacity as the Company had been in a policy of not rejecting a single litre of milk in order to safeguard the local farmer. It was further stated that it had been planned to refurbish the three factories in Ambewela, Digana and Polonnaruwa to meet the capacity requirement during peak seasons.</p>
	<p>4. The Committee noted the large potential existing in the North for the dairy industry, worried about the absence of a coherent planning in the Ministry to develop the industry in the area through international aid and the assistance of the Govt., specially on the areas such as grazing grounds which had been a common grievance of the farmers in the North.</p>	<p>4. The CAO was directed to send a detailed report on its future plans related to grazing lands.</p>

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	<p>5. It was enquired about the recently imported 2500 cattle incurring US \$ 850,000 for each.</p>	<p>5. As it was stated that an animal costs only about Rs. 300,000/- and that the cost of US \$ 850,000 was the entire cost incurred on each cattle with the cost on related infrastructure, the Committee directed the CAO/AO to send a detailed report on the breakdown of this inclusive cost.</p> <p>6. The Committee wanted the CAO/AO to furnish a performance report related to the last three quarters of 2012 and emphasized the need of a coherent planning and commitment of the Government in order to achieve the vision of the company.</p>
<p>Lady Lochore Loan Fund</p> <p>March 06th, 2013</p> <p>(Ministry of Finance & Planning)</p> <p>Contd...</p>	<p>1. The Committee observed that from the inception, the Annual Reports had not been tabled in Parliament.</p> <p>2. It was enquired whether the Internal Auditor's post had been filled.</p>	<p>1. It was stated that the Fund had not prepared any Annual Report from the inception, but as per the Cabinet decision, the 2011 Annual Report was prepared and submitted to the Cabinet for approval.</p> <p>2. It was stated that this position had become vacant only recently, and at present the most senior officer had been acting in this post, and that action would be taken to fill the post early. The Committee was of the opinion, that if there were suitable officers with required qualifications within the staff, the Fund could fill the post internally.</p>

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<p>Contd...</p>	<p>3. There was a delay in Presenting Financial Statements to the Audit.</p> <p>4. It was observed that the non-performing loan balance as at 31.12.2012 had been Rs. 59,247,997/- and of that Rs. 51,587,786/- had remained for more than 10 years.</p>	<p>3. It was stated that the 2012 accounts had been prepared, and action would be taken to furnish them to the audit by 31st March, 2013.</p> <p>4. It was stated that this amount consists of the Capital loan amount of Rs. 9 million and the balance had been the accumulated interest from the year 1984. It was further revealed that when the debtors had been transferred, interdicted, etc. that particular institution had not taken action to deduct the installments from the salaries as agreed.</p> <p>The Committee was of the opinion that due to the lapses in the mechanism adopted to recover the loan installments, such an amount had been accumulated, and officials entrusted with this task should take the responsibility and the CAO/AO was directed to send a list of those persons who had obtained loans and to take action to write off whatever that cannot be recovered after obtaining relevant approval from the Treasury.</p>

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	<p>5. It was questioned about the Non-Recovery of Loan Balance of Rs. 22,835/- due from a Staff Member.</p> <p>6. The Committee observed that a sum of Rs. 10,860,978/- had been over recovered from the employees of the Public Institutions, but action had not been taken to identify those employees and refund the money.</p>	<p>5. It was mentioned that this officer had obtained this loan around 20 years back, and as he is now in his old age, the Fund had taken action to write off this amount after obtaining approval from the Board of Directors.</p> <p>6. It was stated that they had made those persons aware, but due to various reasons those persons had not come to collect the money. The Committee was of the opinion, that if the prescribed period had lapsed, those amounts could be credited to the revenue of the Fund. The CAO/AO was also directed to take action to adopt a better methodology in recovering the loans granted to employees of the public institutions.</p>
<p>Sri Lanka Savings Bank Ltd.</p> <p>March 06th, 2013</p> <p>(Ministry of Finance & Planning)</p> <p>Contd...</p>	<p>1. The Committee enquired about the recovery of loans granted by the Pramuka Savings & Development Bank.</p> <p>2. The current position of the settlement of repayment of capital plus interest for the original shareholders was queried.</p>	<p>1. It was stated that Cases have been filed against PSDB borrowers and the bank has already recovered 93 mn in 2011 and Rs. 77 mn. in 2012.</p> <p>2. It was mentioned that according to the Repayment Scheme, capital has to be settled initially and the interest subsequently. It was also stated that shareholders had not so far demanded any interest as the bank was settling such liabilities as per the scheme.</p>

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	<p>3. It was questioned about the future plans and whether the bank has any plans to be popularized in order to improve in savings.</p>	<p>3. It was stated that the bank cannot be popularized without having branches and therefore it was going to set up a new branch in Mannar in March 2013 and two other branches in Matara & Anuradhapura before the end of April 2013.</p>
<p>National Insurance Trust Fund</p> <p>March 06th, 2013</p> <p>(Ministry of Finance & Planning)</p> <p>Contd...</p>	<p>1. It was enquired whether the presentation of Annual Reports had been timely done.</p> <p>2. The Committee noted that while 49 vacancies were existing in the Fund 09 positions were in excess.</p> <p>3. It was questioned as to why the post of General Manager (Chief Executive Officer) had been vacant since the very inception of the Fund.</p>	<p>1. The CAO/AO stated that approval had already been obtained for the 2010 Annual Report and would be presented in Parliament very early and the 2011 Annual Report would be tabled in Parliament within 02 months. It was further stated that the accounts pertaining to the year 2012 had not yet been finalized and the back-log would be cleared within the next 04 months.</p> <p>2. It was stated that these 09 positions indicated as excessive had been outside the Cadre.</p> <p>3. It was revealed that the Chairman had been assigned to perform the duties of the Chief Executive Officer and Board of Directors had vested all the administrative powers in the office of the Chairman.</p>

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Contd...	4. It was questioned as to why 74 officers had been recruited on contract basis.	4. It was mentioned that the approval of the Management Services Department and the Salaries & Cadre Commission had already been obtained and those officers on contract basis would be absorbed into the permanent Cadre. The CAO/AO was directed to make it a point to obtain the treasury approval before making any appointment.
	5. It was observed that a loan of Rs.527 million granted to the Galadari Lanka Hotel Company Limited by the Strike, Riote, Civil Commotion and Terrorism Fund, remained without being recovered over a long period of time.	5. It was informed that initially, the NITF had been in agreement with the hotel to purchase shares for the value of the loan; when a share was valued by the Chief Valuer and a private valuer as for Rs. 15/- other share holders were not in agreement with that valuation and as such the NITF had agreed to get back money from the management of the hotel for which they too agreed.
	6. It was questioned as to why action had not been taken to recover the loan of Rs.111,525,369/- granted to Ceylinco Company.	6. It was stated that the discussions had been held before the BOC which was the fund manager and the Institution had agreed to pay the whole amount of the loan by 2014.
	7. It was queried about the current position of the electronic card system to be used by the Agrahara beneficiaries.	7. It was stated that this project commenced in 2011 and the contract had also been awarded and that although it had been planned to issue these cards to all 6,50,000 public servants, the project had not been implemented as expected due to the delay in gathering required information.

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Contd...	8. It was noted that the Administration Manual which should be prepared in terms of the PED/12 Circular had not been prepared even after 6 years of the inception of the Fund.	8. It was stated that the draft manual had been prepared and the Board of Directors had decided to discuss with the top management and to get the approval and in addition to that it had been planned to prepare a Work Procedure Manual also.
	9. The Committee questioned as to why an expenditure amounting to Rs.952,500/- had been incurred on the purchase of uniform materials, which had become a fruitless expenditure.	9. It was stated that for an each permanent female servant 02 sarees and for each female servant on contract basis 01 saree had been issued. Although there had been a misunderstanding with regard to the specification according to the CAO what have been provided with, was in better quality than the ordered specifications.
	10. It was questioned as to what action had been taken to strengthen the Farmers Insurance Scheme.	10. It was stated that 2013 budget had allocated money to NITF to cover crop insurance part and the Farmers Insurance Scheme is still at the discussion level as there is a problem to be solved.
	11. It was observed that the NITF had made its contribution till 2008 to number of re-insurance agencies but no income had been earned by the Fund from 2004 to 2008.	11. It was stated that though the NITF had made its contribution only in 2008 and 2009, the Fund had been unable to make any claim and after that the NITF had not contributed to any re-insurance agencies. The Committee was not satisfied with the manner in which the officers answered and directed to send a report on re-insurance to the Committee within 3 weeks.

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	12. It was enquired about the Insurance Cover for Parliamentarians.	12. It was stated that for this Insurance Cover only 10,000,000/- is granted and the Fund has requested to increase the present amount which is not sufficient at all.
State Pharmaceuticals Corporation March 06 th , 2013 (Ministry of Health)	<p>1. The Committee observed that the procedure adopted by the SPC to recover the value of the drugs when poor quality drugs been supplied, was not adequate enough.</p> <p>2. It was queried about the Black Listing Policy.</p>	<p>1. It was stated that earlier the SPC used to surcharge only for the remaining stock of drugs, but they have now introduced a system to surcharge the entire batch of drugs with an additional 25% surcharge, so that the supplier would be more vigilant when supplying drugs in future.</p> <p>2. It was stated that if a product or a batch failure is reported for 05 consecutive instances, the supplier be black listed for 03 years, and if they need to get re-registered the supplier needs to show the correctness of the drug/drugs to the SPC. It was further revealed that at present the supplier is black listed only for that particular drug/drugs and that a new procedure had been proposed, and it had been referred to the Legal Section, where it says if the supplier fail to supply the product as per the required quality for 03 instances within 02 years, the supplier would be black listed for 05 years, and the re-registration would be done on explaining their correctness to the</p>
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Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
Contd...		Recall Committee of the SPC. The CAO/AO was directed to submit a report on the black listing procedure including the institutes that had been black listed due to quality failure, and the institutions that had not been black listed by supplying quality failure drugs, and the reasons for not black listing those institutions. The Committee also pointed out that the SPC should take action to publish the black listed institutions at least in their official web-site to make the general public aware.
	3. It was enquired the current position on the amendments to the Drug Policy.	3. It was stated that the final draft Bill had been submitted to the Legal Draftsman's Dept.
	4. There had been a discrepancy with regard to the profit/loss of the Nugegoda Osu Sala Outlet, when compared with the Auditor General's report and the report submitted by the SPC.	4. The CAO/AO agreed to look into this matter and submit a report to the Committee.
	5. It was questioned whether the SPC had taken action to introduce a price control policy on drugs.	5. It was stated that the price control policy had not yet been introduced after the termination of the earlier price control policy in 2002, but the SPC had decided to mark the prices until this policy is introduced, and at present they are at discussion level with the Ministry of Trade & Commerce in this regard.

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Contd...	6. It was enquired as to why the profit had been declined substantially in the year 2012.	6. It was stated that due to the delay in reimbursement of funds from the Treasury, the SPC had to obtain overdraft facilities, and as a result the SPC had to pay overdraft interest to the Bank. As it was brought to the notice of the Committee that a discussion had been fixed to be held with the Treasury and other relevant authorities regarding the Budgetary Provisions on a future date, the Committee wanted the CAO/AO to submit a report on the outcome of this meeting to the Committee.
	7. It was questioned about the purchasing procedures.	7. It was explained that there were various types of tender boards, appointed by the Ministry, SPC and Cabinet, but large amount of pharmaceutical items are purchased on the recommendations of the tender boards appointed by the SPC.
	8. It was observed that although the Medical Supplies Division had applied for 36,000 packs of Promethazine Oral 500 mg., the Dy. General Manager (Sales) had recommended to purchase 70,000 vials out of which 17,947 vials valued at Rs. 864,866/- were confirmed to be of substandard quality.	8. It was stated that these drugs had been ordered for the private sector, and when the purchases were made it was revealed that some of them were of poor quality. The CAO/AO further added that they had now adopted several measures to reduce purchasing of poor quality drugs to the country.

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Contd...	9. It was enquired as to why the drugs that had been purchased from India had been sold at a higher price in Sri Lanka when compared to the Indian Market prices.	9. The CAO stated that the Indian Manufacturing Companies manufacture drugs for Sri Lankan market in the British Pharmaceutical Standards and US Pharmaceutical Standards which were of high quality, whereas drugs for Indian market are manufactured under Indian Pharmaceutical standards, and as such, the prices in Sri Lankan market are higher than the Indian market prices.
	10. It was observed that due to the delay in testing the samples at the prescribed time period, out of the 1750 units of Chlorpromazine tablets valued at Rs. 924,000/-, 1435 units valued at Rs. 757,680/- of poor quality tablets had been issued to the patients.	10. It was mentioned that due to inadequacy of laboratory facilities and also to overcome the drug shortages in the market, the SPC had released the drugs to the market as soon as they received the drugs, and thereafter only the testing procedure had been commenced.
	11. It was observed that out of Rs. 450 million released on a Cabinet decision to purchase essential lifesaving drugs, 16 essential items had not been purchased, while six items of drugs which had not been listed as essential items valued at Rs. 30,871,760/- had been purchased.	11. It was stated that due to an oversight a list of essential lifesaving items had not been included in the earlier list, but with the permission of the Secretary, Ministry of Health those items had also been included, which were also essential lifesaving drugs.

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	<p>12. It was noted that by the time it was confirmed that there were broken glasses in 2,900,000 units of Cefuroxime Sodium Injections valued at Rs. 102,181,043/-, 2,852,409 units had already been issued to patients.</p> <p>13. It was observed that no levy had been paid to the Treasury in the year 2012 by the SPC.</p>	<p>12. It was stated that the SPC had taken action to recover the value of the injections from the supplier.</p> <p>13. The CAO/AO was directed to look into this issue.</p> <p>14. The Committee also wanted the CAO/AO to pay attention on the following matters.</p> <p>(i) A procedure to be adopted with regard to the expired drugs on disposal and claiming,</p> <p>(ii) To enhance the storage facilities,</p> <p>(iii) To prepare a management information system.</p>
<p>Lakdiva Engineering Co. Pvt. Ltd.</p> <p>March 07th, 2013</p> <p>(Ministry of Transport)</p> <p>Contd...</p>	<p>1. It was discussed regarding the directive given at the last COPE meeting to merge this company with SLTB.</p>	<p>1. The CAO/AO stated that the Company Registrar had informed the inability of amalgamating this company with a statutory Board as this institution had been established under the Company's Act.</p>

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	<ol style="list-style-type: none"> 2. It was pointed out by the treasury officials that attention should be focused on the matters such as current pricing system, existing staff inefficiency, working capital and the cash flow in order to revive this company. 3. It was discussed about the court case being heard in connection with the recovery of Rs.21 million from the private security firm in lieu of the assets lost during their service period. 4. It was brought to the notice of the Committee that they had had discussions with a Chinese company for a joint venture and was optimistic that the current unfavourable position of the Company might be turned around with this new strategy. 	<ol style="list-style-type: none"> 2. It was stated that liquidating the company either by paying compensation to the employees or absorbing them into the SLTB cadre was the solution as it possessed no assets and further mentioned that even the occupied land was vested with the SLTB. 3. The Committee wanted the CAO/AO to discuss this matter with the Hon. Minister as they needed to be finalized soon if any liquidation would be implemented. 4. The Committee pointed out that the approval of the shareholders must be obtained before implementing such a decision. 5. The Committee expressed its dissatisfaction about the performance of the institution and wanted the CAO/AO to discuss with the Hon. Minister to take a decision about the future of the Institution.
Distance Learning Centre March 07th, 2013 (Ministry of Public Administration and Home Affairs) Contd...	<ol style="list-style-type: none"> 1. The Committee noted that the Annual Report, Action Plan and the Corporate Plan had not been tabled. 	<ol style="list-style-type: none"> 1. The CAO/AO was directed to table them following the proper procedure for presenting such reports to the Parliament.

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	<p>2. It was enquired as to why an over draft had been obtained in spite of the availability of deposits more than Rs. 46.3 million.</p> <p>3. The Committee observed a significant decrease of revenue of the Centre from the year 2010 to 2012 which had led to a loss of Rs. 875,000/- in 2012.</p> <p>4. A significant variances had been observed between the budgeted and actual income and expenditure, for the years 2011 and 2012.</p> <p>5. The Committee enquired about the outstanding debt-or balance amounting to Rs. 3,887,699/- out of which Rs. 892,024/- had been in existence for more than 5 years.</p>	<p>2. It was stated that they had gone for O.D. facility with the intimation of earning an interest income on the short term investments like fixed deposits.</p> <p>3. It was stated that the main reason for the decrease in revenue was the reduction in the number of training programmes held during this period due to lack of funds. It was also stated they did not receive enough training programmes as many of the public institutions had restrictions on their budget for training programmes. However, an attempt was being made to get funds from institutions such as WHO, Red Cross, etc.</p> <p>4. It was stated that they reviewed the budget every month, and take corrective action, having analyzed the variances. However, it was further stated that the factors that had led to the declining revenue were beyond their control.</p> <p>5. It was stated that the bulk of the outstanding had been due from the Ministry of Education and they had been following up on these debtor balances regularly. It was also mentioned the unrecoverable amounts would be written off on proper approval.</p>

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<p>Co-operative Wholesale Establishment</p> <p>March 07th, 2013</p> <p>(Ministry of Co-operative & Internal Trade)</p> <p>Contd...</p>	<ol style="list-style-type: none"> <li data-bbox="480 297 827 413">1. The Committee noted that the Procurement Plan had not been prepared for 2011-2013. <li data-bbox="480 548 827 722">2. It was pointed out that 17 audit queries still remain unanswered and the institution had taken considerably a longer period to answer the audit queries. <li data-bbox="480 761 827 877">3. It was enquired as to why only 2 Audit & Management Committee meetings had been held in 2012. <li data-bbox="480 1321 827 1495">4. It was observed that action had not been taken to recover the arrears of rent income amounting to Rs.124,661,893/- from 198 institutions and individuals. 	<ol style="list-style-type: none"> <li data-bbox="843 297 1170 413">2. The CAO/AO stated that they were in the process of preparing the Procurement Plan for the period. <li data-bbox="843 548 1170 722">2. It was stated that as the Audit Department had newly been established, all the queries would be answered within 02 weeks. <li data-bbox="843 761 1170 1263">3. It was stated that as the Treasury Director who chaired the committee meetings, had retired and no one had been appointed in his place, they had been unable to hold the meetings regularly. The Committee was of the view that if the institution can run on a profitable basis any problem would not be arisen even if the committee meetings are held without a treasury representative. <li data-bbox="843 1321 1170 1611">4. It was stated that this was an issue with regard to an old arrears due from Lanka Sathosa and discussions had already been held with the particular institution and they had been recovering the arrears for last one and a half years.

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Contd...	5. It was queried as to why action had not been taken to identify and recover the loss from the responsible persons involved in the purchase of 11 conveyor machines for Rs.5,095,455/- which were presently missing.	5. It was stated that this incident had taken place in 2004 when the Sathosa was closed down and by now all the machinery which had been there, had been auctioned as scraps. The CAO/AO was directed to report on this issue to the Audit.
	6. It was questioned as to what action had been taken to reconcile 50 account balances as per the 16 th and the 20 th directives at the previous COPE meeting held on 13.10.2011.	6. The CAO/AO stated that the total accounts in the previous years had to be re-done and agreed to attend to the matter as early as possible.
	7. SATHOSA had spent an amount of Rs.2,516,999/- to provide security to the private residence of the Chairman.	7. It was stated that the amount of Rs.2 million is an incorrect figure and the service of two security officers of SATHOSA had been obtained to provide security to the residence of the Chairman on the approval of the Board of Directors since the beginning of the SATHOSA Security Service. The Committee directed to submit a report to the Committee on this, in order to indicate how this process had taken place.
	8. It was pointed out that 140 rice processing machines valued at Rs.14,501,998/- had remained idle.	8. It was mentioned when these paddy hulling machines which were supposed to be distributed among the small farmers were imported in 2005, and they were not in usable condition. It was further stated that

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Contd...		<p>although a tender had been called for the sale of these machines, as reasonable bid had not been received the machine had been kept with them.</p>
	<p>9. It was observed that a stock of coconut valued at Rs.677, 160/- (6156 US Dollars) imported from Kerala had been destroyed without being issued to the market.</p>	<p>9. It was stated that this stock of coconut was imported from Kerala at the price of Rs.50-60 per nut, to bring down the local coconut price, on the instructions of the ministry and that when the consignment reached the harbour, the price had gone down. It was further added that at the Food Security Council meeting it was decided not to release the consignment assuming that there would be pest infected coconuts and also the payment had not been made as they did not place the order and that they had to bear only the destroying charges. The Committee directed to see that such things would not take place in future.</p>
	<p>10. It was noted that the evidence relating to the balances of accounts of Rs.5,482,050,935/-had not been submitted for audit.</p>	<p>10. It was stated that they were confronted with the problem of unavailability of necessary documents and with great difficulties 2011 final accounts had been prepared and action would be taken to avoid such shortcomings in future.</p>

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	<p>11. The Committee observed that an official quarters which was in a dilapidated condition and had been restricted due to non settlement of loan amounting to Rs.75,231,724/- due for the HNB.</p> <p>12. The Committee enquired as to what action had been taken to increase the profit of the Institution.</p>	<p>11. The CAO/AO stated that there had been an outstanding loan since 2004, which had been continuously paying in installment basis and now the matter has been settled.</p> <p>12. The CAO/AO stated that they had planned to implement some major projects under which they had had discussions to start a city hotel with 200 rooms in the property situated at Rajagiriya and had spoken to a Malasian Party and another Indian Party to start a five star hotel in the 6 ½ acre property situated at D.R.Wijewardene Mawatha, Colombo-10. The Committee directed to discuss with the Treasury through the Secretary to the Ministry with regard to this business plan.</p>
<p>State Trading (Co-op) Wholesale Company Ltd.</p> <p>March 07th, 2013</p> <p>(Ministry of Co-operatives and Internal Trade)</p> <p>Contd...</p>	<p>1. The Committee enquired into the current status of the Company which had not been operating since 2010.</p>	<p>1. The CAO/AO, referring to the directive given at the last COPE meeting to amalgamate this company with the Co-operative Wholesale Establishment (CWE) stated that they could not carry out the amalgamation due to the unavailability of necessary provisions in the respective Acts, and requested a directive from the Committee to wind up the Company. The Committee recommended winding up of the Company provided that any amalgamation was not possible.</p>

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<p>Contd...</p>	<p>2. Having observed that the Company had incurred losses amounting to Rs. 3 million and Rs. 6 million respectively in 2011 and 2012 besides its operations had been stopped in 2010, enquired into the nature of work which the current staff of the company involved with.</p> <p>3. It was noted that this company was not a going concern at the moment.</p>	<p>2. It was stated that they did not want to let this staff of five employees idle and that their service was made use at times by the ministry in relation to certain activities such as exporting rice etc. The Committee was of the view that it was the Company which would ultimately be responsible for their duties as they had still been under this company.</p> <p>3. The Committee wanted the CAO/AO to take immediate action to proceed with the most realistic alternative discussed at the meeting and also directed to report to the Committee on the action taken.</p> <p>It was commented that this situation was extremely serious and the Directors can be personally liable due to this situation, and, therefore, advised to take immediate measures to close down this company, otherwise the Treasury will have to fund for restarting the company. It was agreed to submit a Cabinet paper in consultation with Treasury to proceed with complete winding up with concurrence of all Partners / Directors concerned.</p> <p>The CAO/AO was advised to inform the progress to the Treasury, the Audit and the Committee.</p>

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	<p>4. Having observed that the directive issued by the Secretary on 17 December 2012, to liquidate the company and absorb the existing employees to the cadre of CWE as new recruits and to settle the outstanding with regard to liabilities with People's Bank taken on Treasury indemnity, with the intervention of the General Treasury, it was questioned as to why the company has failed to take action accordingly.</p>	<p>4. It was stated that the suggestion of the company in this regard is to liquidating rather than amalgamating.</p>
<p>Provident Fund for Buddhist and Pali</p> <p>March 07th, 2013</p> <p>(Ministry of Higher Education)</p> <p>Contd...</p>	<p>1. The Committee questioned as to why the Buddhist & Pali University had come under a different fund and whether they had any plan to amend the Act.</p>	<p>1. It was stated that out of 17 universities only two Universities namely the Buddhist & Pali University and the Buddkasravaka Bhikshu University are directly governed by the Ministry and have been established under two separate Acts and two separate provident funds have also been established. It was further revealed that a special Committee had been appointed to explore the possibility to amend certain clauses in the Act. The CAO/AO was directed to instruct the special Committee, also to discuss the matters in order to bring the University under UGC.</p>

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	<p>2. It was queried as to why the investment income which was Rs.8 mn. had come down to Rs.5 mn. in 2011.</p> <p>3. It was enquired as to why the number of foreign students had gradually gone down.</p>	<p>2. It was stated that the amount paid to the beneficiaries had become higher than the investments and the fund had not developed as expected .</p> <p>3. It was mentioned that there had been a small downfall in the number of foreign students enrolled in the University due to the following reasons:</p> <p>(i) Other institutions established to provide education for foreign students.</p> <p>(ii) Inadequate hostel facilities</p>
<p>Universities Provident Fund & Universities Pension Fund</p> <p>March 07th, 2013</p> <p>(Ministry of Higher Education)</p> <p>Contd...</p>	<p>1. It was enquired as to why a Medical Insurance Scheme had not been established upto date as planned in the Action Plan prepared for 2011/2012.</p> <p>2. It was observed that the unidentified balance of contributions as at 31.12.2012 had been Rs. 6,843,877/-.</p>	<p>1. It was stated that this scheme had been included in the 2013 Action Plan and already preliminary discussions had been held in this regard. Action would be taken to implement the Medical Scheme by the year 2014.</p> <p>2. It was stated that earlier UPF contributions had been calculated by each university, and after the amalgamation, there had been various shortcomings in the ledger accounts submitted by the universities, and as such they had a problem of identification. Hence the UGC had decided to appoint a committee to solve the problem. The CAO/AO was directed to take action to finalize this issue before they are summoned for the next COPE meeting.</p>

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	<p>3. It was observed that the academic allowances had been considered along with the salaries when calculating the contributions to the UPF and enquired the current position.</p> <p>4. The current position on the preparation of the Ordinance in terms of the University Act No. 16. was enquired.</p> <p>5. The Committee noted that in contrary to the Cabinet decision of 24.03.1999, the Fund had credited 08% from the salaries of the employees to the Pension Fund, and enquired whether the Commission had taken action to rectify the matter.</p>	<p>3. The Chairman, UGC agreed to submit a Cabinet paper to obtain covering approval.</p> <p>4. It was stated that the Commission had already prepared the draft Ordinance and had submitted to the Legal Draftsman's Dept. in May 2012, and that within two months time they could finalize the Ordinance.</p> <p>5. It was mentioned that they had already submitted a Cabinet Paper, and the Cabinet had issued instructions to the two Secretaries of the Ministry of Finance and Higher Education to discuss and submit a proposal to the Cabinet as to how this could be regularized.</p>
<p>Eastern University of Sri Lanka</p> <p>March 07th, 2013</p> <p>(Ministry of Higher Education)</p> <p>Contd...</p>	<p>1. It was discussed about the courses conducted by the University.</p>	<p>1. The Committee was of the opinion that the University should now take action to produce more employable graduates, and see that the university expands the concept of the degree courses. The Committee wanted the CAO/AO to prepare an assessment plan and see whether the standards had been successful after the completion of such degree courses.</p>

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Contd...	<p>2. It was observed that medical equipment to the value of Rs. 13 million had been procured for the year 2012 without following the proper procurement procedure; Following discrepancies were observed.</p> <p>(i) Out of the 03 bids, two bids were forged, and one bidder had been a garment accessories supplier,</p> <p>(ii) Two bidders were seemed to have been one person in view of the identical in telephone numbers and addresses,</p> <p>(iii) Prices of the equipment had been higher than the prevailing international market prices.</p>	<p>2. It was stated that at first instance the Procurement Committee had turned down the request, but after explaining the urgency of the medical equipment by the Dean of the Faculty of Health Care and Sciences, the Procurement Committee decided to award the tender. Further it was informed that they were not aware that there were 02 bidders in identical telephone numbers and addresses. The Dean of the Faculty informed the Committee that his responsibility was only to select the quality equipment, and he was not aware of the price variation. The Chairman, UGC stated that it had been the responsibility of the Bursar to look into the above matters, and by now the former Bursar had been interdicted for some fraudulent acts done by him.</p> <p>The Committee was of the view that the University had to go for criminal investigations, and to take disciplinary action against those officials who had been involved in this issue.</p>
	<p>3. It was enquired as to why replies to the audit queries had not been furnished.</p> <p>2010 - 01 query 2011 - 05 queries</p>	<p>3. It was stated that due to lack of information there had been a delay in submitting replies to 01 audit query in the year 2010, and that action would be taken to send replies to all audit queries that were in arrears within a month time.</p>

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Contd...	4. It was enquired whether action had been taken against the persons who were involved in irregularities that had taken place over the years.	4. It was stated that as per the recommendations on the Committee appointed to investigate on to the irregularities, the management had issued charge sheets against 03 officials, and the inquiries are still being carried out.
	5. It was observed that without considering the necessity, the university had purchased 155 computer licence keys at a cost of Rs. 5,186,455/- and thereafter those licence keys had been exchanged for 15 personal computers and UPSS valued at Rs. 1,399,000/- causing a loss of Rs. 3,791,455/- to the University.	5. It was stated that 03 officers were involved in this transaction and the Presidential Investigation Unit is conducting investigations, and an internal inquiry had also been commenced.
	6. It was enquired as to why PABX System equipment purchased at a cost of Rs. 3.4 million without following the procurement procedure had been idling, without being used for the intended purposes.	6. It was mentioned that the Presidential Investigations Unit had informed the university not to install the equipment until the investigations are over.
	7. It was noted that the university had awarded the contract of cutting and removing of 27 valuable trees to a private contractor for Rs. 70,000/- without the approval of the Vice Chancellor, where the university would have earned Rs. 500,000/- had they been sold by them.	7. It was stated that as per the total estimate of Rs. 150,000/- given by the Timber Corporation, this contract had been awarded to this contractor, where Rs. 70,000/- had been obtained. With regard to the balance Rs. 80,000/- the university had issued charge sheets against 03 officials involved, and would take action to deduct the balance amount from their salaries.

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	8. It was observed that the university had not taken action to recover a sum of Rs. 70,407,561/- from 57 lecturers who had breached agreements.	8. It was revealed that action had been taken to recover the dues wherever possible, but since some of these were very old cases and due to relevant documents, they had been unable to recover the money. It was stated that due to the shortcomings on the earlier agreements, they were unable to deduct the money from the lecturers E.P.F. and E.T.F. funds, but at present the university had amended the agreements accordingly. The CAO/AO was directed to submit a list of those lecturers with the due amounts.
Botanical Garden Trust Fund March 08th, 2013 (Ministry of Botanical Gardens & Public Recreation) Contd...	1. The Committee discussed about the future plans of the Fund. 2. It was enquired as to why only one meeting of Trust Board had been held in each year of 2011 and 2012.	1. It was stated that in accordance with the ten year plan of the Government it has been proposed to set up 10 Botanical Gardens by the year 2016 and they hope to set up 5 Botanical Gardens covering 5 ecological zones initially including North & East. The CAO/AO was directed to send a report to the Committee within 2 months on this matter. 2. Meetings could not be regularly held since the Secretary to the Ministry of Economic Development under which the Fund had been maintained previously, was unable to attend the meetings due to his busy nature of work. But by now they had planned to hold meetings regularly.

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Contd...	3. It was enquired as to why the Dept. of Botanical Gardens under the Ministry cannot run the management of all the Botanical Gardens rather than having a separate Fund.	3. It was stated that whenever they are in need of some financial allocation they happen to wait for treasury funds unless they have a separate Fund. The Committee was of the view that the Treasury should also pay attention to implement a new financial management system suitable for the modern environment rather than having a consolidated fund which is the old colonial practice.
	4. It was enquired whether the Corporate Plan had been prepared.	4. The CAO/AO stated that a Corporate Plan for the Dept. of Botanical Gardens for the period 2010-2016 had been prepared and the Committee directed to prepare a separate Corporate Plan for them as there are different objectives & functions pertaining to the Fund.
	5. It was questioned as to why action had not been taken as per the directive No.9 given at the previous COPE meeting held on 17.08.2010 regarding the installation of electrically operated gate.	5. It was stated that on the request of them the NERD had appointed a Committee look into this matter and it had submitted a report recommending a new system instead of the electrically operated gate which had been out of order. In the mean time just after the Fund was brought under the Ministry of Economic Development, it had been decided to construct a new complex with souvenir shops, ticket counters and the facilities specially for disabled persons and that with the approval of the

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	<p>6. It was observed that although an amount of Rs.1,000,000/- had been given to the Chief Engineer of the Department of Buildings of Kandy the two water tanks in Peradeniya Botanical Garden had not been constructed so far.</p>	<p>Cabinet of Ministers the construction of the new complex had now been completed.</p> <p>6. It was stated that decision had been taken by a Departmental Tender Board and they had frequently reminded the Building Department, Kandy of this matter. The Committee was of the view that there was a practical problem between the activities of the Fund and the Ministry since the tender had been granted by the Departmental Tender Board and the money had been allocated by the Fund and directed the CAO/AO to send a report to the COPE with regard to these administrative problems.</p>
<p>Lanka Phospate Ltd.</p> <p>March 08th, 2013</p> <p>(Ministry of State Resources & Enterprise Development)</p>	<p>1. The Committee enquired the reasons for receiving a qualified audit opinion in the years 2006/07, 2007/08, 2008/09 and 2011/12 on the ground of non provisioning for bad debtors and improper maintenance of the ledger of trade debtors while the accounts for 2009/10 and 2010/11 had been given an unqualified opinion.</p>	<p>1. It was stated that it had been difficult to trace the documentary evidence in relation to certain debtor balances and that a decision had been taken by the Board of directors to write off the unrecoverable balances out of the total of Rs.7 million. The Committee, having directed the CAO/AO to submit the copies of the audit reports to the Auditor General, also wanted a report on the stand of the company with regard to the qualified audit opinion given on the accounts mentioned above.</p>
<p>Contd...</p>		

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<p>Contd...</p>	<p>2. The Committee observed that the production of the company had increased only by 25% in 2012 as against the 140% increase in expenditure.</p> <p>3. The Committee discussed in detail with regard to the purchase of the new grinding machine with a production capacity of around 72,000 tones, for Rs.56 million and came to know that it had not been in operation for the entire period lapsed upto the date of the committee meeting except for one test run which produced around 50 tones. Nevertheless, the company had settled Rs. 46 million to the supplier company irrespective of the technical faults of the machine. Moreover, the supplier company had filed a case against the Lanka Phosphate Ltd. preventing it taking over the performance bond valued at Rs.5.6 million.</p>	<p>2. The CAO/AO stated that they had to purchase more raw materials incurring a heavy expenditure during this period since the production capacity of the newly purchased grinding machine had been two times greater than those of the older machines. However, they had to limit the production owing to the decrease in sales of fertilizer during this period as a result of the poor weather conditions prevailed.</p> <p>3. The CAO/AO stated that they had to make those payments as per the agreement and accordingly, Rs.31 million had been paid including the clearance charges by the time it had been brought to the port. Further, out of the installation charges of Rs. 22 million, Rs.15 million had to be settled. According to the CAO/AO, the machine had not been utilized as those technical faults had to be rectified before it was completely handed over by the supplier.</p>

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Contd...		<p>4. The Committee directed the CAO/AO to furnish a detailed report to the Committee within one month on the entire process of purchasing the new machine including the following details.</p> <p>(i) Feasibility study report together with the reasons for purchasing a new machine</p> <p>(ii) Board decision in respect of purchasing a new machine</p> <p>(iii) Details regarding the purchase of spare parts worth of Rs.71 million for the older machines (Para 08)</p> <p>(iv) Names of the members of the Technical Evaluation Committee (TEC) and the tender board</p> <p>(v) Report of the Technical Evaluation Committee</p> <p>(vi) Present stand of the TEC regarding this machine.</p> <p>vii) Breakdown of the cost of Rs. 56 million incurred on purchasing the new machine</p> <p>(viii) Current status of the machine</p> <p>The Auditor General was also directed to audit the entire procurement process with regard to this new grinding machine.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	<p>5. The Committee enquired into renovations made by the company in the maternity wards of the Nochchiyagama and Eppawala hospitals for which the contractor had been paid exceeding the tendered limit.</p> <p>6. The Committee, having focused its attention on several issues with regard to the interdiction of the Deputy Finance Manager and the allegations made by the Chairman of the Company and the Executive Director on each other.</p>	<p>5. It was stated that it was on the instructions of the Ministry that they had got certain additional work done by the same contractor and further mentioned that the company had reimbursed the additional expenses. He also stated that the contractor had completed his work before the specified time.</p> <p>6. The CAO was directed to hold separate inquiries into those matters and submit a report to the Committee. Further, the Committee stated that the Executive Director could also furnish a report of his own with regard to the matters discussed at the meeting.</p>
<p>National Water Supply & Drainage Board</p> <p>March 11th, 2013</p> <p>(Ministry of Water Supply & Drainage)</p> <p>Contd...</p>	<p>1. The Committee questioned on the non-tabled 2010 Annual report and the delay in replying to the Auditor General on the queries raised on the 2011 draft accounts.</p> <p>2. The Committee observed that the decision taken to promote the Engineering Assistants to the Grade of Engineer had not been made as per a proper Scheme of Recruitment approved by the Management Services Dept.</p>	<p>1. The CAO/AO agreed to table the 2010 Annual report in Parliament and also to submit the replies to the Auditor General within a week.</p> <p>2. The CAO/AO having briefed the Committee on the battle between the two unions of engineers and engineering assistants stated that the two unions had been informed to submit a report before 22nd of March, 2013 on the issues related to their professions to be submitted to the Management Services Dept. for consideration.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	<p>3. The Committee noted that the state institutions such as hospitals had been exempted from the recently increased tariff on water bills.</p> <p>4. The Committee pointed out that the absence of a cost accounting system in the institution was a serious lapse.</p> <p>5. It was brought to the notice of the Committee that a number of contradictory data had been observed among the information separately collected from the commercial and the finance divisions.</p> <p>6. It was discussed on the difficulties faced by the management in relation to the appointment of accountants due to the influence of the unions who demanded to retain a 50% composition of accountants for promotional staff.</p> <p>7. The Committee observed that the chlorine chemical purchased by the Board from the Paranthan Chemicals Ltd. was tested by neither of the institutions before using.</p>	<p>3. It was recommended to increase that as well at least to recover the cost .</p> <p>4. It was stressed the importance of implementing it at least in relation to the major schemes.</p> <p>5. Those figures needed to be reconciled while taking action to improve the coordination between those two divisions. It was also noted the importance of having an Addl. General Manager for supervision.</p> <p>6. The Committee recommended that the number of professionally qualified accountants in the institution should be increased.</p> <p>7. The Committee wanted the CAO/AO to look into the matter.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
Agricultural & Agrarian Insurance Board March 11th, 2013 (Ministry of Finance & Planning)	1. The Committee observed that no representative of a licensed Commercial Bank had been appointed to the Director Board as per the Act.	1. The CAO/AO was directed to take early action to regularize it soon.
	2. The Committee enquired regarding the recovery of Rs.3.5 million released to the Agrarian Fair at the time this institution had been under the Ministry of Agriculture and Agrarian Services which had later been split into two ministries.	2. The CAO/AO stated that this amount could not be reimbursed yet since neither of the two new ministries was willing to take the responsibility of the transaction and agreed to take action to write off the amount on proper approval.
	3. It was enquired as to why action had not been taken to reimburse the salaries amounting to Rs.1,908,815/- paid to 4 employees released to other institutions.	3. It was stated that the discussions which they had with the relevant ministries on this matter had not yet brought a favourable result.
	4. The Committee discussed on the future plans on restructuring this institution which was not a going concern at the moment due to the non viability of the existing pension scheme.	4. It was stated that they were working on a new pension scheme with a higher premium and further stated that if the existing members were reluctant to join with this new scheme, it had been decided either to form another scheme with an affordable premium or to refund their total contribution with a reasonable interest.
	5. It was brought to the notice of the Committee that only about 1230 farmers in the Anuradhapura & Polonnaruwa districts had been paid with the pension in 2012 besides there were thousands of farmers	5. It was emphasized that the schemes had been prepared at that time to pay the pensions to other eligible farmers as well. However, it had not been able to continue as the Ministry had also faced with a problem of its own liquidity. The Committee

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Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
Contd...	through out the country who were eligible to receive the pension.	expressed its dissatisfaction, and wanted the CAO/AO to take immediate action to pay the pensions to other eligible farmers as well.
	6. The Committee noted that the recoverable amount of loans and loan advances due from interdicted employees and from those who vacated posts had been Rs.1,694,045/-.	6. The CAO/AO was directed to send details to the Committee on those loans with the present position.
	7. The Committee observed that the miscellaneous advances and fuel advances amounting to Rs.530,798/- had not been settled even as at the end of the year 2012.	7. It was stated that they had found it difficult to trace the relevant documents of certain advances which had been older than 10 years and further stated that it would be produced to the board for a decision.
	8. The Auditor General, referring to a matter observed at the auditing, pointed out that the certain corrections made on the documents related to indemnity payments had not been authenticated by the relevant officers.	8. The CAO/AO was directed to look into the matter as such corrections could not be accepted in auditing.
	9. The CAO/AO and the officials of the treasury informed the Committee that they had already drafted several schemes for approval of the Cabinet to launch a viable scheme at least with a capital input from the treasury.	9. The Committee wanted the CAO/AO to formulate a new strategy to restructure this institution and stressed the importance of getting the consultancy of expertise before the implementation of a new pension scheme and the dearth of actuaries in the country was noted as a matter of great concern.

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	10. The Committee enquired into an allegation against an ex-General Manager of the institution about drawing salaries without reporting to duty.	10. The Committee wanted the CAO/AO to look into the matter and send a report to the Committee.
State Pharmaceuticals Manufacturing Corporation March 21st, 2013 (Ministry of Health)	1. It was enquired as to why the profit of the SPMC had declined in the year 2012. 2. It was observed that the drugs ordered by the Medical Supplies Division had not been supplied by the SPMC. 3. The current position on the preparation of the Drug Regulatory Act. was questioned. 4. It was questioned with regard to the 40 vacancies in the staff cadre. 5. It was enquired whether as agreed at the last COPE meeting held on 14.09.2011, the SPMC had	1. It was stated that although the production had been increased the revenue had been decreased due to the overheads being increased rapidly. 2. It was mentioned that the SPMC did not have the capacity to produce the total requirement and that the SPMC could only provide around 20% of the total requirement of the MSD. 3. It was revealed that due to various reasons there had been a delay in the preparation of the New Drug Regulatory Act, but now it was at the final stage, and would be presented the Act in Parliament within three months time. The CAO was directed to expedite it. 4. It was stated that the SPMC had recruited 20 trainees, and were absorbed to the permanent cadre during the last 03 months, and at present the rest of the vacancies were being filled. 5. It was stated that the SPMC had purchased 02 new machines in the year 2011, but could not
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Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
Contd...	<p>purchased new machinery to increase the capacity of the production.</p>	<p>purchase in the year 2012, due to a problem with regard to the specifications and under the JICA project, which would be implemented in due course new machines would be purchased.</p>
	<p>6. It was queried the current position with regard to the recovery of PAYE tax from the employees of the SPMC.</p>	<p>6. It was stated that this issue would be rectified in due course.</p>
	<p>7. It was enquired whether the SPMC had obtained approval from the Dept. of Management Services to increase the subsistence allowance.</p>	<p>7. It was stated that the SPMC had already written to the Dept. of Management Services seeking approval for same. Since the current rates were not adequate to meet the expenses, the Committee was also of the opinion that these rates should be increased.</p>
	<p>8. It was observed that the SPMC had obtained the services of private lawyers without the approval of the Attorney General.</p>	<p>8. It was stated that in future the SPMC would obtain the assistance of the Attorney General for legal matters.</p>
	<p>9. It was noted that proper action had not been taken in respect of quality failed drugs to the value of Rs. 2,970,753/- during the manufacturing period from 2008 to 2011.</p>	<p>9. It was stated that since those drugs could not be used for re-production, SPMC had written to the Board of Directors seeking approval to destroy them.</p>
		<p>10. The Committee wanted to carry out awareness programmes to promote the SPMC brand name among the general public, and also to strengthen the staff in marketing activities. The CAO/AO was also directed to co-ordinate with the</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
		Universities for training staff on marketing aspects, and developing personnel at the university level in the pharmaceutical side.
Securities & Exchange Commission of Sri Lanka March 21 st , 2013 (Ministry of Finance & Planning)	<p>1. It was discussed with regard to the foreign Investment Companies and enquired what action had been taken to build up the confidence in the system.</p> <p>2. It was enquired whether the SEC had taken action to amend the Act as agreed at the last COPE meeting held on 07.08.2012.</p> <p>3. It was discussed with regard to the market manipulation and the action taken against the market offenders enquired whether as per the last directive of the COPE,</p>	<p>1. The Committee was of the opinion that the SEC should take action to enhance the confidence in the system to achieve the targets and the CAO/AO agreed to do so. He further stated that during the year 2012 the foreign investment too had been around US \$ 40 million and in the first 2 1/2 months of the year 2013, it has been increased upto US \$ 04 billion. He was further directed to submit a report on the initiatives taken to enhance the confidence of the investors.</p> <p>2. It was stated that they had prepared it in a draft form incorporating all necessary elements, and within 03 months time action could be taken to submit the amended Act to the Legal Draftsman's Dept. The Committee was dissatisfied on the delay and wanted the CAO/AO to submit the draft Act to the Committee by following week.</p> <p>3. The SEC had developed the internal guidelines to be followed. According to the CAO/AO, the action taken with regard to the matters referred to the Investigations Committee</p>
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Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	<p>the SEC had taken action to revise the criteria as a matter of priority, until the Act is passed in Parliament.</p> <p>4. The Committee observed that the existing procedure to make a complaint to the SEC, was very long.</p> <p>5. The current position on the National Savings Bank share transaction matter was enquired.</p> <p>6. It was enquired whether there had been any new cases after the resignation of the former Chairman.</p> <p>7. Several shortcomings were observed in the Corporate Plan.</p>	<p>would be publicized in the Web site after the final investigations. The Committee wanted the CAO/AO to see whether they could take further action against the offenders.</p> <p>4. The CAO/AO was directed to adopt a simple system, where even a small scale investor would be able to make complaints easily.</p> <p>5. It was stated that they had had several consultations with the Attorney General in this regard and awaiting for his opinion. The Committee directed the CAO/AO to submit the final report referred to the Attorney General to the COPE Secretariat, and see that the SEC send reminders to the Attorney General's Dept. every week, stating that they had been questioned by the COPE on this issue.</p> <p>6. It was mentioned that since the market being stabilized there had been less number of incidents reported and there was only one case reported and at present it is under investigation.</p> <p>7. The CAO/AO was directed to furnish a copy of the Corporate Plan after including the modifications to the Committee.</p>

Appendix B

Issues discussed at the Meetings of the Sub Committee I of the Committee on Public Enterprises.

Composition of the Sub Committee I of the Committee on
Public Enterprises.

1. **Hon. A.D.Susil Premajayantha (Chairman)**
2. Hon. (Mrs) Pavithra Devi Wanniarachchi
3. Hon. (Dr.) Rajitha Senarathna
4. Hon. Chandrasiri Gajadeera
5. Hon. T.B.Ekanayake
6. Hon. Mahinda Amaraweera
7. Hon. Lakshman Kiriella
8. Hon. Ravi Karunanayake
9. Hon. Dayasiri Jayasekara
10. Hon. Sujeewa Senasinghe

Date/Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
<p>June 22, 2012</p> <p>Institute of Indigenous Medicine</p> <p>Ministry of Higher Education</p> <p>Contd...</p>	<ol style="list-style-type: none"> 1. The Annual Reports for the years 2009 and 2010 had not been tabled in Parliament. 2. The additional money amounting to Rs. 4.5 million had been retained in two current accounts. 3. Rs. 664,820 out of Rs.712,812 received from WHO for research work remain idle , even by the end of the year 2011 and that amount had been transferred to the medical Exhibitions Account. 4. Action had not been taken to conduct a physical verification of stocks. 5. The Committee noted that the details of the payments of Bursaries and Mahapola had not been submitted as instructed. 6. The institute had paid Rs. 496,250 to private lawyers in the year 2009 for a court case. 	<ol style="list-style-type: none"> 1. The AO stated that the 2009 and 2010 Annual Reports had been submitted to the Ministry. 2. The institute had taken action to invest those mon-eyes in short term deposits as per the advice of the Auditor General. 3. The CAO/AO stated that the institute utilized it for the medical exhibition on instructions of the Board of Management. The CAO/AO was directed to submit the approval to the Audit. 4. The institute had completed the Board of Survey by March 2012. The CAO/AO was directed to submit a copy of the report to the Audit. 5. The Committee directed the CAO/AO to submit a detailed report to the Committee within a month. 6. The Committee directed the CAO/AO to obtain the advice from the Attorney General on this issue.

Date/Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	<p>7. The Committee noted that the cost per student in 2011 had been Rs.298,000 and when compared with other Universities this amount had been at a high level.</p> <p>8. Goods and Services valued at Rs. 2,230,889 had been obtained by the institute, without following the procurement guidelines.</p>	<p>7. The CAO/AO stated that the depreciation also had been included to this amount, and also the cost depends on the No. of students. The CAO/AO was directed to take action to curtail unnecessary expenses.</p> <p>8. The CAO/AO admitted and stated that although such shortcomings had been occurred earlier, action had been taken to surrender this kind of happenings.</p>
<p>June 22,2012</p> <p>Open University of Sri Lanka</p> <p>Ministry of Higher Education</p> <p>Contd...</p>	<p>1. Sum of Rs. 73,209,309 has to be recovered on breach of Agreements and Bonds by 31.12.2011.</p> <p>2. The approval of the Treasury had not been obtained for the investments amounting to Rs. 241,007,499.</p> <p>3. Action had not been taken to fill the 241 vacancies in the academic and non-academic staff.</p> <p>4. The Committee enquired the current position of the payment of language Proficiency Allowance.</p>	<p>1. The CAO/AO stated that Rs. 40.5 million had already been recovered, and action had been taken to file cases against the recent defaulters.</p> <p>2. The University had already written to the Treasury seeking approval for the investments.</p> <p>3. The AO explained the difficulties they had to undergo in filling those vacancies and with the approval of the CAO they would fill the non-academic vacancies.</p> <p>4. The CAO/AO stated that the matter had been referred to the Cabinet Sub Committee by the Cabinet, and agreed to submit the current position within three weeks' time.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	<p>5. Assets valued at Rs.2,348,752,669 received by the University from the Distance Education Modernization Project in the years 2004 to 2010 had not been brought into accounts in the years of receipts, out of which assets valued at Rs. 2,255,300,751 had been brought into accounts in the year 2011, and those assets had not been physically verified.</p> <p>6. The Committee observed that the balances of 178 funds as at 31.12.2011 had been Rs. 137,369,462.</p> <p>7. Ad hoc sub-imprest had been issued contrary to the Financial Regulations 371 (2).</p> <p>8. The Committee observed that out of a sum of Rs. 6,772,854 received from the UGC for the development of IT, only a sum of Rs. 1,235,944 had been spent upto 31.12.2011.</p> <p>9 There had been considerable variances between the budgeted and the actual income and expenditure in every year .</p>	<p>5. The CAO/AO stated that a committee would be appointed to finalize the matter on the recommendations of the Council.</p> <p>6. The Council had decided to deposit all that money in one account and to have separate ledger accounts.</p> <p>7. The CAO/AO was directed to write to the Treasury and get the imprests limits increased.</p> <p>8. The CAO/AO stated that although the University had utilized Rs. 5.81 million, this amount had been credited to the main capital account erroneously and action would be taken to rectify the error.</p> <p>9 The CAO stated that this has been due to price fluctuation and in the year 2012 budgeting would be done correctly having collected all the necessary information from every Departments.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
<p>June 22,2012</p> <p>Postgraduate Institute of English</p> <p>Ministry of Higher Education</p>	<p>1 The internal audit had not been carried out from the year 2011 to 15 June, 2012.</p> <p>2 From the provisions made for recurrent and capital expenditure for the 2011, 35% and 23% respectively had been saved.</p>	<p>1. The situation has been streamlined.</p> <p>2. The CAO/AO stated that in the year 2010 the PGIE had planed to recruit 02 Computer Operators and a Book Keeper, but as the PGIE did not get those staff, and those provision had been saved.</p>
<p>July 10,2012</p> <p>National Institute of Education</p> <p>Ministry of Education</p> <p>Contd...</p>	<p>1 There had been 223 vacancies in the cadre.</p> <p>2 The Debtor Balances being written off without the Treasury Approval</p> <p>3 Teachers Guides and Syllabuses remaining in the Stores without being distributed among the Schools.</p> <p>4 Inquiry had not been carried out in terms of Financial Regulations on the Misplacement of a Video Camera and Digital Camera</p>	<p>1. A cadre of 652 positions had been approved and they were in the process of preparing SOR to be submitted to the Dept. of Management Services for approval.</p> <p>2. The Committee was of the opinion that the NIE should have obtained the Treasury approval before writing off the debtor balances.</p> <p>3. The Committee directed the CAO/AO to conduct a Board of Survey, and to take action to dispose all outdated books after obtaining the approval of the Board of Directors.</p> <p>4. The CAO/AO stated that the Inquiry had been conducted and with the approval of the Board of Directors the value of Rs. 95,000/- had been written off. The Committee directed the CAO/AO to submit a copy of the approval to the audit.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	<p>5 The publication ‘Adyapana Kalamana’ printed by the NIE for the benefit of the officers engaged in the schools management sector valued at Rs. 783046/-had been remained in the stores</p> <p>6 Delay in issuing of results of the examinations conducted by the NIE in 2010 was questioned.</p>	<p>5. The CAO/AO stated that the books remaining after sales would be distributed among teachers free of charge.</p> <p>6. The CAO stated that the delay was due to the difficulty in obtaining services of teachers on low rate paid for evaluation of answer scripts and the approval of the salaries and cadre commission had been sought for an increase.</p>
<p>July 10,2012</p> <p>Sri Lanka Press Council</p> <p>Ministry of Mass Media & Information</p> <p>Contd...</p>	<p>1 Despite the direction given at the previous COPE meeting, action had not been taken to shift the Press Council to the Information Dept. building and also observed that incurring Rs. 108,000/- as rental for an office which is manned by a staff of 14 members was very uneconomical.</p> <p>2 The complaints against the distorted news being published in News papers was questioned.</p> <p>3 The Committee considered the possibility of taking action against the journalists who write news items harmful to the general public due</p>	<p>1. The CAO stated that there was no space to locate the Press Council in the information Dept. building and now it had been located in a new place and hope to locate the Press Council in a Govt. building very soon.</p> <p>2. CAO stated that out of 62 such complaints as at July 10, 2012, 50 have been investigated in to. He further stated that the Press council has been empowered to deal with these complaints and report to the Supreme Court.</p> <p>3. The CAO informed the Committee that the Cabinet approval had been obtained to develop the Rupavahini Training Institute as the Journalist Training Institute to train the journalists.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	to the press freedom and to set up a Govt. Institute to train journalists to enhance the standard and the quality of the journalism.	The Chairman informed the CAO/AO to take action to regularize the Acts pertaining to the media, and to establish the independent training institute, prior to the next COPE meeting.
<p>July 10,2012</p> <p>Tower Hall Theatre Foundation</p> <p>Ministry of Culture and the Art</p> <p>Contd...</p>	<p>1 When questioned , the CAO stated that they had prepared the Corporate Plan for 2012 to 2016, and the Committee emphasized the need of preparation of Action plan and the budget based on the Corporate plan.</p> <p>2 Annual Reports for the years 2008, 2009 and 2010 had not been submitted to the Parliament.</p> <p>3 Despite the direction given by the previous COPE meeting the preliminary inquiries had not been finalized up to date against the interdicted Accountant and half pay amounting to Rs. 103,795 for the year 2010 and Rs. 190,868 for the year 2011 had been paid to her.</p>	<p>1. The Committee directed the CAO/AO to prepare the Corporate Plan and the Action Plan and submit both to the Committee after obtaining the approval of the Board of Directors within 02 months' time.</p> <p>2. The CAO/AO was directed to take action to submit the 03 Annual Reports to the Cabinet within a month's time for approval and to table them in Parliament early.</p> <p>3. The CAO stated that the defending officer had been given a deadline and the Committee directed the CAO/AO to inform the defending office that the COPE had directed them if they could not finalize the inquiry within the given period , the defending officer would be removed and a new officer would be appointed, and the payment of half pay to the interdicted Accountant would also be withheld</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
Contd...	4 The full salary had been paid to the former Director of Finance who had been sent on compulsory leave with effect from 24.03.2011, as the disciplinary action had been delayed.	4 The Committee directed the CAO/AO to conclude the inquiry within six month.
	5 A bus belonging to the institute had been hired for the purposes of external parties, instead of using for the promotion of stage crafts and the income so received had been Rs. 141,750, where the maintenance expenditure had been Rs. 955,047.	5 The CAO/AO was directed to recover at least the expenditure by hiring the bus.
	6 The ad hoc sub-imprest totaling to Rs. 890,000 and Rs. 497,000 in the years 2010 and 2011 respectively, had been granted to officers exceeding the advance limit of Rs. 20,000 specified in the FR 371(2)(a).	6 The Committee was of the opinion, that the Foundation should obtain the Ministry approval for matters in urgent and essential nature.
	7 A balance of more than exceeding Rs. 9 million remained in the current account.	7 The CAO/AO was directed to invest the money in a fixed deposit with the approval of the Ministry of Finance.
	8 The Foundation had paid a surcharge of Rs. 251,447 on account of the delay in remittance of contributions to the ETF for the years 2000 to 2008.	8 The CAO having accepted that there had been such lapses in the past undertook to avoid from such lapses in the future.
	9 The Board of Survey for the year 2010 had not been conducted.	9 The CAO/AO agreed to carry out the Board of Surveys for 2010 and 2011 early. He also stated that the delay was due to lack of staff.

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	10 Several programmes included in the 2010 Action Plan had not been completed.	10 It was directed to involve directly with the objectives of the Foundation and should give priority to complete these programmes.
<p>July 17,2012</p> <p>National Youth Services Council</p> <p>Ministry of Youth Affairs and Skills Development</p> <p>Contd...</p>	<p>1. The Corporate Plan for 2010 – 2014 had not been prepared in terms of the PED/12 Circular.</p> <p>2. The Council had not implemented the programmes included in the Action Plan, and certain programmes not included in the Action Plan had been implemented.</p> <p>3. The Committee observed that there had been 421 vacancies in the cadre.</p> <p>4. The Auditor General had disclaimed the accounts for 2008 to 2010.</p> <p>5. Annual reports for the years 2009 and 2010 had not been tabled in Parliament.</p> <p>6. Buildings Valued at Rs. 88.2 million had been constructed on lands not belonging to the Council and the total expenditure incurred on the construction lands without title deeds as at 31.12.2011 had been Rs. 190.7 million.</p>	<p>1. The Council had prepared a fresh Corporate plan for the period 2012-2017.</p> <p>2. The CAO stated that certain programmes had been changed in order to be compatible with the new concept of “The Sri Lanka Youth”. But the Committee stressed the fact that certain essential programmes had not been implemented.</p> <p>3. Action would be taken to fill the vacancies.</p> <p>4. The Committee having taken a serious note on this directed the CAO/AO to pay special attention on this.</p> <p>5. The Committee directed the CAO/AO to take early action to table both reports in Parliament early.</p> <p>6. The CAO/AO was directed to submit a proposal requesting the ownership of these lands to the District Co-ordinating Committee meeting.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	<p>6. The Committee enquired about the Progress on the Payments of Rs. 4,012,148 made to the NISCO</p> <p>7. Certain purchases at the value of Rs.4,619,162/- ,2,943,251/- and 4,924,500 in the year 2009,2010 and 2011 respectively had been done without calling for open quotation.</p> <p>8. The list of names of the recipients of 950 carrom boards purchased for Rs. 1,370,250 had not been furnished even by 30th June, 2012.</p> <p>9. Rs. 33.4 million and 52.39 million spent exceeding the allocated amounts in the Youth Sports Festival in 2009 and 2011 respectively.</p> <p>10 Out of 170 trainees only 08 had obtained licences after the training given by the Training School of the Eraminiyaya, at the cost of Rs. 8,350,118/-</p> <p>11 Rs. 17,691,863 had been spent for a three day residential training under the Pioneer Youth Programme for 3160 youth .</p>	<p>6. The CAO/AO was directed to submit a report on this matter to the Committee.</p> <p>7. CAO stated that this has been done due to urgency of requirements and now the situation has been streamlined and such things will not be occurred.</p> <p>8. The CAO/AO agreed to submit same to the Committee.</p> <p>9. The Committee took a serious note on unrealistic estimates.</p> <p>10 CAO was directed to inform the respective Minister regarding the loss incurred due to that type of fruitless projects.</p> <p>11 The Committee was of the view that the programme was not effective in terms of the expenditure incurred, the CAO/AO was directed to submit a report on this programme to the Committee.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
<p>July 17,2012</p> <p>Sri Lanka Institute of Development Administration</p> <p>Ministry of Public Administration and Home Affairs</p>	<ol style="list-style-type: none"> 1 The Internal Audit Reports and Plans had not been forwarded to the Auditor General. 2 It was observed that out of Rs. 8,620,447/- given by the International Labour Organization to conduct awareness programmes to the public officers. A sum of Rs. 4,794,300/- had been brought forward without required payments being done. 3 A sum of Rs. 6,763,712/- had been paid to the permanent and the contract employees for conducting lectures and related activities. 4 The Committee observed that some of the lecturers had obtained more than Rs. 20 lakhs per month in addition to the salary by conducting lectures and the royalty had not been paid as per the Govt. regulations. 5 A large amount of money had been kept in current account without having any financial benefit. 	<ol style="list-style-type: none"> 1. The CAO/AO agreed to submit same as soon as they recruit an Internal Auditor for the SLIDA. 2. An Internal Committee had been appointed to look into these transactions and the Committee directed the CAO/AO to submit a report on this matter within a month time. 3. The Committee was not satisfied on the manner that this payment had been made, wanted the CAO/AO to do a further study on this matter. 4. The CAO was directed to see whether there is any possibility of obtaining the royalty from such consultants. 5. Directed to put these money in seven day call deposits.

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
<p>July 20, 2012</p> <p>Postgraduate Institute of Archaeology</p> <p>Ministry of Higher Education</p>	<ol style="list-style-type: none"> 1 The Corporate Plan for 2010 – 2015 had not been prepared in terms of the PED/12 Circular. 2 The Budget had not been prepared as per the PED/12 Circular. 3 The Audit and Management Committee had met only once in the year 2012. 	<ol style="list-style-type: none"> 1. The CAO/AO agreed to revise the Corporate Plan as per the circular instructions. 2. The CAO/AO was directed to pay attention on this issue in future. 3. The Committee directed the CAO/AO to hold at least 4 meetings in an year.
<p>July 20, 2012</p> <p>University of Colombo - School of Computing</p> <p>Ministry of Higher Education</p> <p>Contd...</p>	<ol style="list-style-type: none"> 1 Annual Report for the year 2010 had not been submitted to the Parliament. 2 The Board of Survey for the years 2009,2010 and 2011 had not been carried out. 3 There was a sum receivable from academics and non-academics amounting to Rs.15,178,886/- owing to breach of agreements. 4 The school had invested a sum of Rs. 347,897,889 without obtaining the Treasury approval. 	<ol style="list-style-type: none"> 1. The CAO/AO was directed to take action to table the 2010 Annual Report in Parliament early. 2. The CAO/AO stated that action would be taken to complete the Board of Survey early. 3. CAO stated that legal action has been taken against some of them and some have agreed to pay the due amounts in installments. 4. The CAO/AO stated that the Institute had written to the Treasury, and up to the year 2004, the School had obtained the approval in writing, but since then there had been no response from the Treasury.

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
<p>July 20, 2012</p> <p>University of Visual and Performing Arts</p> <p>Ministry of Higher Education</p>	<ol style="list-style-type: none"> 1 The Annual Reports for 2009 and 2010 had not been tabled in Parliament. 2 The Procurement plan for 2011 and 2012 had not been prepared. 3 Delay of lectures in Tamil medium was questioned. 4 Out of the provisions made in order to construct two hostels in Dehiwala and Rajagiriya amounting to Rs.205 million and 193 million respectively only Rs. 31 million and 21 million had been spent up to 31.05.2012 which was equal ant to 15% of the construction. 5 Only one meeting of the Audit and Management Committee had been held in the year 2012. 6 There had been 62 vacancies and 08 excess staff in the post of Academic Asst. 	<ol style="list-style-type: none"> 1. The CAO/AO was directed to take early action to table the 2009, 2010 and 2011 Annual reports. 2. The AO informed the Committee that the delay was due to the shortages of human resources, since this University had been established in the year 2005, the Procurement Plans are under preparation. 3. The CAO stated that some lecturers deliver lectures in Tamil and the Tamil Language is also taught as a subject. 4. The CAO stated these constructions would be completed in another one year. 5. The CAO/AO was directed to take action to hold these meetings as prescribed in the Treasury circulars. 6. The Committee directed to include the positions of excess staff as contract basis in the cadre according to the requirement of the University.

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
<p>July 26, 2012</p> <p>Institute of Policy Studies</p> <p>Ministry of Finance and Planning</p>	<p>1 The Audit & Management Committee had not been appointed for the year 2010, as per the PED/12 Circular and although 04 Audit & Management Committee Meetings had been held in 2011, the Govt. Audit Section had not been informed of such meetings.</p> <p>2 Resources of the Institute, Organizational Structure, SWOT Analysis, Operating results of 03 preceding years, Action Plan had not been included in the Corporate Plan prepared for the period 2007 – 2012 and 2009 – 2014 as per the PED/12 Circular.</p> <p>3 The Institute does not have an approved cadre, and 53 employees had been recruited on contract basis.</p> <p>4 The approval of the Secretary to the Treasury and the Dept. of Public Enterprises had not been obtained for the procedure for the Management of Human Resources.</p> <p>5 Rs. 13,214,520/- for the Building fund had been received directly by the Institute from the Netherlands Embassy, despite the requirement that all foreign grants should be channeled through the Dept. of External Resources.</p>	<p>1. The CAO/AO accepted the delay in appointing the Audit Committee. He also stated that action would be taken to inform the Govt. Audit Branch, from the next meeting of the Audit Committee.</p> <p>2. It was revealed that action had been taken to revise the Corporate Plan including these items as per the directives of the COPE.</p> <p>3. The Committee directed the CAO/AO to consider the provisions of the Act to recruit staff on permanent basis.</p> <p>4. The Committee directed the CAO/AO to obtain approval of the Treasury in writing.</p> <p>5. The Committee emphasized that all foreign funds should channel through the Dept. of External Resources of the Treasury, and directed the CAO/AO to get the written consent of the Treasury for the aforesaid funds, and adhere to the State Accounts Circulars in future.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
<p>August 14, 2012</p> <p>National Human Resources Development Council</p> <p>Ministry of Youth Affairs and Skills Development</p>	<p>1 The Council had held only one meeting up to June 2012 and it was also observed that this was due to the difficulties faced by the Secretaries of Ministries being members of the Council to attend the council meetings.</p> <p>2 Rs. 247,579/- had been spent out of the provision of Rs. 250,000/- made for Formulation of a National Policy on the Human Resource of Sri Lanka and such a Policy had not been formulated by the officer concerned.</p> <p>3 Out of the provision of Rs.1,800,000 for Conducting Island Wide Talent Surveys Rs. 176,700 had been incurred, and the survey had been abandoned half way.</p> <p>4 Although the council planed to train 87,856 students who failed in all four subjects in the GCE(AL) Examination, only 9737 had been trained and out of the total expenditure of Rs. 5,601,870/- Rs. 5,066,419/- had been spent on publicity.</p>	<p>1. The CAO/AO stated that the Council had decided to amend the Act in order to revise the composition of the members .</p> <p>2. The Committee was of the view that such a survey should have been assigned to the Universities since they have required resources.</p> <p>3. The AO stated that the officer who had undertaken the assignment had prepared a draft and had submitted to the former Chairman of the Council for recommendation.</p> <p>4. The Committee directed the CAO/AO to submit a report on this matter very early.</p> <p>The Committee having discussed of the shortcomings/weaknesses of the Council, directed the CAO/AO to appoint a committee to look into the proposals to be included in the Act to be amended, and to review the performance of the Council. The CAO/AO was also directed to submit a report with their recommendations within three months.</p>

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Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
<p>August 14, 2012</p> <p>Official Languages Commission</p> <p>Ministry of National Languages and Social Integration</p>	<p>1 Annual Reports for years 2004 to 2010 had not been tabled in Parliament.</p> <p>2 Action had not been taken to submit the Corporate Plan, the Action Plan and the Budget to the Treasury and the Auditor General.</p>	<p>1. The CAO agreed to table all the Annual Reports in arrears, in Parliament within one month.</p> <p>2. The Committee observed that the Commission had not submitted the reports as directed by the previous COPE meeting, and the officers including the Chairman of the Council had not come prepared for the days meeting, directed the CAO to take action to table all the Annual Reports in arrears within one month and the Chairman and the officials of the Commission to come before the next meeting well prepared.</p>
<p>August 14, 2012</p> <p>Sri Lanka Bureau of Foreign Employment</p> <p>Ministry of Foreign Employment Promotion and Welfare</p> <p>Contd...</p>	<p>1 Only one Audit & Management Committee meeting had been held up to July 2012.</p> <p>2 Legal action had not been taken against the bank for encashing two cheques amounting to Rs. 800,000, carrying forged signatures.</p> <p>3 Rs. 2,264,660, paid by the Bureau with regard to 62 air tickets to the travel agents, had not been claimed by the Bureau.</p>	<p>1. The Committee directed the CAO to hold the Audit & Management Committee meetings as scheduled.</p> <p>2. The CAO/AO stated that the matter had been referred to the Attorney General, and disciplinary action had been taken against the officials responsible for the fraudulent activity.</p> <p>3. The CAO/AO stated that the matter had been handed over to the Presidential Investigations Unit, and that they had referred it to the AttorneyGeneral.</p>

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	4 A sum of Rs. 859,402,808 belonging to the emigrants had been utilized for the activities of the Bureau.	4. The CAO/AO was directed to ensure that this money be invested in separate bank accounts, without depositing together with the funds of the Bureau.
August 14, 2012 Tertiary and Vocational Education Commission Ministry of Youth Affairs and Skills Development	1 Rs.2,525,020 & Rs. 1,967,207 in the year 2009 and Rs. 3,540,743 & Rs. 4,537,729 in 2010 had been retained in the current accounts. 2 Rs. 1,198,600, Rs. 64,000 and Rs. 1,366,000 had been spent for research activities in the years 2009,2010 and 2011 respectively, the objectives in accordance with the Act had not been achieved.	1. The Commission had earned some money through the sale of books and documents, and this money had been deposited in the bank, so that they could use them as a revolving fund to reprint the books and documents. The Committee was of the opinion that the Commission should have invested these moneys in 07 day call deposits. 2. The Commission carries out the research along with the University of Vocational Training , and the research papers are published in the website.
August 16, 2012 National Institute of Library and Information Science Ministry of Higher Education Contd...	1 Rs. 1,217,252 had been over spent under 04 items , while the Capital Provisions of Rs. 719,500 budgeted for 01 items had not been spent. 2 The Corporate plan for the period 2012 – 2016 had not been prepared in accordance to the PED/12 Circular, and also had not attended to the remarks made at the last COPE meeting.	1. The Committee directed to furnish a copy of the Procurement Plan to the audit. 2. The CAO/AO agreed to revise the Corporate Plan accordingly and submit to the Committee.

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
Contd...	<p>3 Non-Achievement of Primary Objectives - Training of Teacher Librarians</p>	<p>3. Although the Cabinet had decided to recognize this training as a qualification for promotions, the Ministry of Education had not included this in the Teacher Services Minute and as such the teachers have been reluctant to follow this course. The CAO/AO also stated that as there would be several requests from other services, if the CAO/AO feels that the service minutes of those services also need to revise the teacher Services Minutes will also be amended with them. The Committee was of the view that the Ministry needs to discuss with the Trade Unions before amending the Teacher Services Minute, as it could crop up many other problems .</p>
	<p>4 The following activities as planned for implementation in the year 2010 had not been completed.</p> <ul style="list-style-type: none"> * NILIS Symposium * Implementation of 03 small scale Projects, * Distribution of brochures for publicity * Preparation of E-journals * Implementation of Distant Education programmes * Implementation of Co-operation Programme scheduled with Sri Lanka Library Association 	<p>4. The CAO/AO brought to the notice of the Committee that out of the above 06 projects, 04 of them had been completed, and other 02 projects are being implemented at present.</p>

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	5 70 percent of the total lecture hours of the Institute had been covered as the visiting lecturers.	5. The CAO/AO stated that out of the 03 full time lecturers, one lecturer is abroad, and as such they have to depend on the visiting lecturers.
<p>August 16, 2012</p> <p>National Institute of Business Management</p> <p>Ministry of Youth Affairs and Skills Development</p> <p>Contd...</p>	<p>1 There had been a large number of vacancies in the academic staff.</p> <p>2 The 03 vacancies in the governing council had not been observed.</p>	<p>1. The Committee was of the opinion, that since the NIBM is an independent, self-funded institution, It should be able to make the Dept. of Management Services aware of their necessity and obtain approval to revise the salary scales of the academics . Considering the fact that the Cabinet had granted the university status to the NIBM, in the name of 'National School of Business Administration, the Committee wanted the NIBM to adopt a methodology to increase the salary scales of the academics, with the assistance of the Treasury and the Ministry.</p> <p>2. The CAO/AO stated that since the following institutions from which these three members are to be appointed are not in operation, appointments had not been done Sri Lanka Independent Advisory Council, National Development Bank, Commercial Banks Association He further stated that action had been taken to amend the Act. The Committee directed the CAO/AO to expedite the matter.</p>

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	<p>3 The Institute had invested Rs. 90 million in a state bank without the approval of the Treasury.</p> <p>4 The Committee discussed the establishment of the National School of Business Management.</p>	<p>3. The CAO/AO stated that those monies had been invested with the approval of the Cabinet to be used for the constructions of the Galle and Kurunegala branches. The Committee directed the CAO/AO to furnish those documents to the audit.</p> <p>4. The CAO/AO was directed to submit a detailed report on this project to the Committee, with the original plan, and the re-scheduled plan, indicating as to how the NIBM is planning to fund the project.</p>
<p>August 16, 2012</p> <p>Postgraduate Institute of Medicine</p> <p>Ministry of Higher education</p> <p>Contd...</p>	<p>1 The following allowances and advances had not been settled. Book allowances paid for 02 trainers - Rs. 186,756 Advance given to the library of the Institute situated at the Premises of the University of Peradeniya - Rs. 52,794 Advance given to the library of the PGIM - Rs. 200,684</p> <p>2 68 items of goods valued at Rs. 424,346 had been idling in the stores.</p>	<p>1. The CAO/AO stated that two trainers who got the book allowance of Rs. 186,756, had gone abroad without submitting the original receipts, but Rs. 52,794, and Rs. 200,684 had been settled by way of credit notes.</p> <p>2. The CAO/AO stated that these goods had been purchased for some purpose, and since they are not in use now, action would be taken to carry out a verification and dispose same.</p>

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	<p>3 Rs. 403,000 had been paid as lecture fees from the project funds in contrary to the letter issued by the Director of the Institute.</p> <p>4 Rs. 404,400 had been paid as staff allowances out of the Norwegian Funds without obtaining Treasury approval.</p> <p>5 The Head Office of the PGIM had been constructed on a land belonging to the Ministry of Health at a cost of Rs. 84.1 million without getting the ownership of the land transferred in the name of the PGIM.</p> <p>6 The Committee was concerned whether the PGIM could establish a Postgraduate Unit of their own.</p>	<p>3. The AO agreed to rectify the matter.</p> <p>4. The CAO/AO was directed to obtain the Treasury approval.</p> <p>5. The CAO/AO stated that action would be taken to transfer the land in the name of the PGIM.</p> <p>6. The Committee wanted the CAO/AO to discuss this issue with the Ministry of Health, and see what could be done in this regard.</p>
<p>August 16, 2012</p> <p>University of Kelaniya</p> <p>Ministry of Higher education</p> <p>Contd...</p>	<p>1 The Budget had not been prepared in the respective format and there had been significant variances between the Budgeted and the actual expenditure.</p> <p>2 Only 02 Audit & Management Committee meetings had been held up to July 2012.</p>	<p>1. The CAO/AO stated that the University had prepared the budget in the format issued by the UGC and the difference between the budgeted and the actual expenditure had been due to unexpected payments. The Committee directed the CAO/AO to prepare a revised budget accordingly.</p> <p>2. The CAO/AO was directed to take action to hold the other two meetings as scheduled.</p>

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	<p>3 The non- refundable library deposits amounting to Rs. 10,603,837 had been shown as refundable deposits.</p> <p>4 Research allowances totaling to Rs. 53,619,991 had been added to the salaries of 434 lecturers, in contrary to the Management Services Circular No. 45 of April 2011.</p> <p>5 13 lecturers had breached the agreements and bonds amounting to Rs. 28,468,021.</p> <p>6 The income received from foreign students of the medical faculty, Ragama amounting to Rs. 24,121,762, Rs. 26,299,657, Rs. 32,159,505 in 2009,2010 & 2011 respectively had not been credited to the income and expenditure account.</p> <p>7 Rs. 115 million had been retained in the Current Account without being deposited in short term investments.</p>	<p>3. The CAO/AO having accepted the lapse, agreed to take action to rectify the accounting error.</p> <p>4. The Committee was of the opinion that as this payment had been done in contrary to the Treasury Circular, directed the CAO/AO to discuss with the Treasury, and get the Circular amended accordingly.</p> <p>5. The CAO/AO stated that out of the 13 lecturers, 06 of them were in the process of paying the dues in installments, and legal action had already been initiated against 03 others and that other 04 lecturers would also be dealt with legally.</p> <p>6. The CAO/AO having accepted agreed to rectify the accounts.</p> <p>7. The CAO/AO stated that the University had decided to invest those money in short term investment schemes.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
<p>August 21, 2012</p> <p>Buddhist and Pali University of Sri Lanka</p> <p>Ministry of Higher education</p> <p>Contd...</p>	<p>1 2010 and 2011 Annual Reports had not been tabled in Parliament.</p> <p>2 The Committee having observed that as per the Act, it had been compulsory to give hostel facilities to all lay and clergy students.</p> <p>3 The number of foreign students applied had been decreased.</p> <p>4 The Following shortcomings were observed and the Committee arrived at a conclusion that these shortcomings had created administerial problems to the University. Lecturers not marking the arrival and departure as per the Establishment Code of the Universities Leave records not being maintained,</p>	<p>1. The AO stated that the 2010 Annual Report had been submitted to the Ministry and the 2011 Annual Report had been sent for translation.</p> <p>2. The Committee was of the opinion that the CAO/AO should ascertain whether, it was essential to give hostel facilities to lay students, and if not the Act be amended accordingly, and take action to enroll more lay and clergy students to the University.</p> <p>3. The CAO/AO stated that since there had been institutes where the foreign students could follow the courses free of charge with hostel facilities, the number of students enrolled in this university had been at a lower level, and up to then in the year 2012 only 38 applications had been received from foreign students. The Committee wanted the CAO/AO to see whether they could take any remedial action in this regard</p> <p>4 The Committee was not satisfied with the manner the attendances are recorded and wanted the CAO/AO to maintain a system to prove the lecturers attendance</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
Contd...	5 Rs. 2,986,806 had been paid as research allowances for 25 lecturers in contrary to the Management Services Circular No. 45 of April, 2011.	5. The Committee wanted the CAO/AO to submit the letter of consent received from the Treasury to the Committee, and the method in which the research allowances were paid to the lecturers.
	6 The lecturers within the university had been appointed to the Evaluation Committee with regard to the promotions of the Asst. Professors/ Professors.	6. It is not appropriate to appoint a person within the University for an evaluation committee to consider a person to a promotion and it is the responsibility of the respective university to request the UGC to appoint an independent person, who is not serving in the university. The CAO/AO agreed to act as pointed out by the Committee when appointing members to the Evaluation Committee in future.
	7 The Committee observed that a sum of Rs. 18 – 40 million had been remaining in the current account.	7. The Treasury Representative informed that the university could utilize this amount for their recurrent expenditure, and when the university is in need of any capital provision, the Treasury could take action to release the capital provision. The CAO/AO agreed to act accordingly.

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	8 The University had paid a sum of Rs. 374,600 as salaries and allowances for the permanent employees of the external examination division without the approval of the Treasury	8. The CAO/AO was directed to obtain approval from the Treasury for same
August 21, 2012 Institute of Human Resources Advancement Ministry of Higher Education	1 The Action Plan had not been prepared in terms of the PED/12 Circular, and the responsibilities assigned to each officer had not been indicated. 2 Annual Reports for the years 2009 and 2010 had not been tabled. 3 There had been a balance of Rs. 200,166/- which had not been identified in the sundry advance accounts older than 5 years. 4 The institute had incurred various expenditure out of the money collected from the applicants in contrary to the PED/95 of 14.06.1994.	1. The CAO/AO was directed to prepare the Action Plan based on the Corporate Plan and submit to the Committee. 2. The Committee directed the CAO/AO to present the 2011 Annual Report also along with the 2009 and 2010 in Parliament before the end of December 2012. 3. The AO stated that this balance had been brought forward for over a period of 12 years and there had been no evidence to identify the balances, and the Institute had requested the UGC to write off this amount and at present miscellaneous advances are being settled without any delay. 4. The CAO/AO agreed to obtain approval from the Treasury through the University Grants Commission.
August 21, 2012 Institute of Technology Ministry of Higher	1 The Committee observed that out of the 07 items of the Internal Audit Programme, only 02 items had been examined.	1. The Committee stressed the need of strengthening of internal audit unit of the institute.

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	<div>2 12 audit queries for the years 2010/2011 had not been replied.</div> <div>3 The Institute had not done the reconciliation of the general reserve account and the capital grant spent account as per the directive of the COPE.</div> <div>4 The Capital Grants received from the Treasury, there had been a considerable amount of savings for the past several years. <table><tr><td><u>Year</u></td><td>Savings of capital</td></tr><tr><td>2008</td><td>40%</td></tr><tr><td>2009</td><td>48%</td></tr><tr><td>2011</td><td>36%</td></tr></table></div> <div>5 A simulator and a computer belonging to the Ministry of Port Development & Marine had taken over by the Institute without obtaining the ownership. These two machines had been serviced by the Soft Logic Company, and just two days after the two machines had been destroyed by the fire, and the loss had not been recovered from the Company.</div> <div>6 The Committee observed that there had been a sum of Rs. 30 million in the Current Account.</div>	<u>Year</u>	Savings of capital	2008	40%	2009	48%	2011	36%	<div>2. The Auditor General pointed out that up to now such replies had not been received by the audit. The Committee wanted the CAO/AO to look into this matter.</div> <div>3. The AO stated that they had rectified it in the 2011 accounts.</div> <div>4. The CAO/AO stated that due to the delay in commencing the construction work of the buildings at Diyagama, there had been a saving in the Capital grants.</div> <div>5. The Committee wanted the CAO/AO to carry out an investigation as per the Financial Regulations, for the loss incurred by fire, and submit to the audit and the Treasury. The CAO/AO agreed to submit same.</div> <div>6. The CAO/AO was directed to take action to invest this money in seven day call deposit schemes.</div>
<u>Year</u>	Savings of capital									
2008	40%									
2009	48%									
2011	36%									
August 21, 2012 University of Moratuwa Ministry of Higher Education (Contd...)	<div>1 Out of the 22 items of the internal audit programme for 2012, only 07 items had been examined.</div>	<div>1. The AO agreed to carry out the work in arrears.</div>								

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	<p>2 There had been a large number of vacancies in the University, which reflects 37% of the academic staff and 15% of the non-academic staff.</p> <p>3 The Uni consultancy Service had been established in contrary to the University Act No. 16 and the Public Finance Circular No. 380, and even without the Cabinet approval.</p> <p>4 Rs. 32,325,793 and Rs. 16,231,808 had not been recovered from 25 and 06 officials respectively, who had breached agreements and bonds.</p> <p>5 The University had paid allowances amounting to Rs. 3,762,408 and Rs. 264,624 out of the income received from the postgraduate and short term courses to the officials without obtaining Treasury approval in the year 2010.</p>	<p>2. The AO stated that the necessary action would be taken to fill those vacancies.</p> <p>3. The Committee was of the view that since this company had been set up in contrary to the University Act, the University had to obtain the concurrence of the Cabinet. The Chairman, UGC agreed to submit a Cabinet Memorandum through the Ministry of Higher Education in this regard.</p> <p>4. Legal action had been taken against some officers and , the whereabouts of some officers had not been able to trace.</p> <p>5. The Chief Internal Auditor of the UGC informed the Committee that the UGC had issued a circular on the procedure as to how the payments should be made to the consultants. The Committee directed, the CAO/AO to get the circular amended by the UGC, and obtain Treasury approval. The Chairman, UGC agreed to take necessary action to rectify the matter.</p>
<p>September 19, 2012 J.R.Jayawardene Cultural Centre Presidential Secretari-</p>	<p>1 Out of the 08 Board Members, 02 members had not been appointed and the meetings of the Board of Control had not been held from September 2008.</p>	<p>1. The CAO/AO stated that by now 02 members had been nominated, and action would be taken to hold the meetings of the Board of Control.</p>

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Contd...		The Committee wanted the CAO/AO to submit a report to the Committee after holding the 1 st meeting of the Board of Control.
	2 Annual Reports from the year 2002 had not been tabled in Parliament.	2. The CAO agreed to table the Annual Reports up to 2011 in Parliament within a period of three months.
	3 Rs. 5 million had been invested in a Subsidiary Company without the Cabinet approval.	3. The Committee was of the view that the Centre should have obtained the Cabinet approval before the establishment of this company. The Committee directed the CAO/AO to submit a detailed report of this company with necessary information about the manner in which the Rs. 5 million had been spent and the estimated value of the goods remaining at present, to the Committee and to the audit as well, within one month .
	4 Rs. 9.7 million had been invested in Pramuka Bank which was liquidated.	4. The CAO/AO was directed to discuss with the Treasury, Ministry of Finance and the Central Bank and take a decision regarding this investment of Rs. 9.7 million.
	5 Future work plan of the J.R.Jayawardene Centre.	5. The Committee directed the CAO/AO to submit a detailed report on the renovation of the building, including the estimated cost and the expected income after the completion of the renovation. The Committee also wanted the CAO/AO to carry out the functions in an efficient manner.

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	<p>6 The lands and buildings of the J.R.Jayawardene Centre had not been valued separately.</p> <p>7 The approval of the Procurement Committee and the TEC had not been obtained for the additional work done in constructions amounting to Rs. 2,874,164.</p> <p>8 The house rent for the official quarters of Secretary General of the Centre had not been recovered from June 1993 to 31st December, 2011.</p>	<p>6. Considering that the title deed of the land was not in the custody of the Centre, the Committee directed the CAO/AO to apply for a copy of the deed immediately.</p> <p>7. The CAO/AO accepted the weakness and stated that although earlier such irregularities had occurred, at present the Centre follows the tender guidelines before making any payment.</p> <p>8. The CAO/AO was directed to estimate it as per the provision of the Establishment Code, and to obtain the Board decision regarding this matter.</p>
<p>September 19, 2012</p> <p>National Institute of Language Education and Training</p> <p>Ministry of Technology and Research</p> <p>Contd...</p>	<p>1 The progress of action taken against the former Chairman for Violating Rules and Regulations.</p>	<p>1. The due amount from the former Chairman had been around Rs. 893,000/- out of which Rs. 668,000/- was the insurance claim paid by the Institute for the vehicle accident, and the balance had been some office items taken away at the time he left the office. The former Chairman had been informed to pay the dues, and the matter had been referred to the Attorney General for further action. The CAO/AO further stated that the former Chairman had not returned his official vehicle at the time of the accident, although his services had been terminated.</p>

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	<p>2 The Committee observed the following shortcomings in the recruitment procedure. Delay in obtaining approval for the scheme of recruitments, Differences between the qualifications of officers who had recruited, and the approved scheme of recruitment, Majority of staff had not been made permanent.</p>	<p>2. The CAO/AO stated that all the staff had been made permanent except for few, where their educational certificates had been referred to the Ministry of Education for verification.</p>
<p>September 19, 2012</p> <p>Sri Lanka Foundation</p> <p>Presidential Secretariat</p>	<p>1 The Foundation had failed to recover a sum of Rs. 283,989 paid as allowances and fuel bills to a Director who had worked on contract basis and gone overseas on personal leave from 3.06.2005 to 21.08.2005, and subsequently resigned from the post in December 2005, without giving one month prior notice even.</p> <p>2 The fuel allowance of Rs. 487,360 had been paid to an officer attached to the Sri Lanka Television Training Institute appointed as an Assistant Director in the Sri Lanka Foundation, who was not entitled to an official vehicle.</p> <p>3 The agreements had not been signed for 08 contracts in the financial value of Rs. 5,679,918 in terms of the Govt. Procurement Guidelines.</p>	<p>1. The CAO/AO stated that the matter had been referred to the Attorney General for further action.</p> <p>2. The CAO/AO stated that they had written to the Treasury seeking advice regarding this matter.</p> <p>3. The CAO/AO stated that when there had been urgent repairs and maintenance the contracts had been awarded to the registered suppliers, but at present the Foundation has taken action to enter into agreements before awarding any contract.</p>

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<p>September 21, 2012</p> <p>South Eastern University</p> <p>Ministry of Higher Education</p>	<ol style="list-style-type: none"> 1 The Procurement Plans for the years 2008 – 2012 had not been prepared. 2 There had been unanswered audit queries in the years 2010 and 2011. 3 The university had violated the University Act, by giving promotions and allowing some lecturers to continue in the services who had not completed their postgraduate degree within 08 years. 4 There had been vacancies in the drivers cadre. 5 The University had paid a sum of Rs. 620,694 for 04 Deans to travel from their residences to the office without obtaining the UGC approval. 6 Rs. 16,866,550 had been paid to a consultancy services for the preparation of the Master Plan of the university, where no report had been obtained by the University upto 31.07.2011. 	<ol style="list-style-type: none"> 1. The AO agreed to prepare the Procurement Plan for the year 2013. 2. The CAO/AO agreed to submit replies to all the audit queries in arrears within two weeks' time. 3. The AO stated that they had stopped this practice from 2011 , and follow the correct procedures thereafter. 4. The CAO/AO was directed to write to the Dept. of Management Services and get the cadre increased, or see whether they could get the services of drivers on 'on call basis' with daily wages. 5. The AO stated that this practice had been stopped by now. 6. The Committee directed the CAO/AO to submit a detailed report on the following with regard to the preparation of the Master Plan. The plans and proposals done by the previous company and the level of work carried out by them on the preparation of the Master Plan.

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<p>September 21, 2012</p> <p>Swami Vipulananda Institute of Aesthetic Studies</p> <p>Ministry of Higher Education</p> <p>Contd...</p>	<p>1 There had been excess staff of 04 in the academic cadre and 02 vacancies in the non-academic grades.</p> <p>2 The Committee observed the following frauds/ misappropriation of funds in the Institute. Fourteen Cheques worth Rs. 3,622,315 carry instruction of 'Account Payee Only' written in favour of various suppliers had been encashed fraudulently at a private bank in Baticaloa. Some of the cheques issued had not been crossed as "Account Payee" in terms of the UGC Circular No. 4/2006. Misappropriation of Rs. 4.5 million being committed in purchasing teaching equipment, at a high price than the normal market price, fraudulently manipulating the tender documents. Irregular payment of Rs. 450,000 being committed by purchasing some musical instruments using forged invoices. Bunk beds being purchased for Rs. 1,230,000 on forged invoices.</p>	<p>1. The AO stated that the excess staff of the college had been absorbed to the cadre of the institute when it was converted and there was no excess cadre at present. With regard to the two vacancies in the non-academic cadre, the CAO/AO informed the Committee that action would be taken to fill those vacancies</p> <p>2. The Committee directed the CAO/AO to submit a detailed report regarding the frauds and misappropriation of funds, and also to report on the progress of the investigations.</p>

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	<p>Over payment of Rs. 450,000 being committed by purchasing of 50 Wooden Boxes, at a higher price than the prevailing market rate.</p> <p>When the price of a sq. feet of a floor carpet had been Rs. 60/-, the Institute had purchased a floor carpet at the rate of Rs. 480/- per sq. ft., and a total of Rs. 898,728 had been paid.</p> <p>When the market price of a sculpture wheel had been Rs. 10,000, 50 Nos. of Sculpture wheels at a price of Rs. 21,500 each had been purchased for Rs. 1,075,000, where a sum of Rs. 575,000 had been overpaid.</p>	
<p>September 21, 2012</p> <p>University of Jaffna</p> <p>Ministry of Higher Education</p> <p>Contd...</p>	<ol style="list-style-type: none"> 1 The Committee observed that the University had prepared an Action Plan for the period 2012 – 2016, whereas the Action Plan should be prepared for that particular year only. 2 The internal Audit programme for Vavuniya Faculty of the University of Jaffna for the years 2010, 2011 and 2012 had not been prepared. 3 The outstanding balance of Recovery of Compensation from the Lecturers as at April 2012 had been Rs. 96,198,775. 	<ol style="list-style-type: none"> 1. The CAO/AO agreed to revise the Action Plan as directed by the Committee. 2. The CAO/AO stated that the University of Jaffna had recruited an Internal Auditor recently, and agreed to prepare the programmes as required. 3. The Chairman, UGC informed the Committee, that recently the management had amended the Bond Agreement including a clause stating that ‘with the consent of the particular person, the university could recover the dues from his/her Provident Fund’.

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Contd...	<p>4. The advances made to various parties for different purposes amounting to Rs. 207,497,561 had not been recovered .</p> <p>5. The trade receivables and the trade payables outstanding for more than 5 years had been Rs. 504,237 and Rs. 2,562,402 respectively.</p> <p>6. The specific funds amounting to Rs. 29,493,089 had been invested in fixed deposits without being utilized for the purposes for which the money had been granted.</p> <p>7. Rs. 1,000,576 and Rs. 2,506,648 had been paid as hiring charges respectively in the years 2010 and 2011 despite 04 buses had been received by the University.</p> <p>8. There had been delays in releasing results of the examinations conducted by the faculties during the years 2010 and 2011 contrary to the circular instructions of the UGC.</p>	<p>4. The CAO/AO was directed to submit a report to the Committee indicating the institutions/ persons with a breakdown of the outstanding amounts within a month time.</p> <p>5. The AO stated that the action had been taken to recover the balance amounts from the suppliers.</p> <p>6. The Committee directed the CAO/AO to obtain approval from the Treasury, before the money is utilized.</p> <p>7. Considering the explanation given, the Committee directed the CAO/AO to write to the Treasury explaining their difficulties, and get the drivers cadre increased.</p> <p>8. The AO brought to the notice of the Committee that to prevent such delays, a new methodology had been adopted .</p>

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	<p>9. The Registrar of the University of Jaffna had issued a letter in contrary to FR 138, on a decision taken by the University Council requesting the Bursar that all payments authorized by university authorities empowered to do so, should be honoured without hindrances or queries'. The Chief Internal Auditor of the UGC informed that this request needs to be withdrawn, since the bursar is the custodian of funds, who is empowered to certify the payment vouchers.</p> <p>10 12 finger print scanners had been purchased for Rs. 779,520/- and the machines are not being used to record the arrivals and departures of the university staff.</p> <p>11 Considering the Recruitment and Appointment of subject matter experts and subject matter reviewers for BBM (On line) Degree Programme The Committee noted that there had been no proper mechanism to monitor the on line degree programmes and no proper recruitment procedure as well.</p> <p>12 Rs. 225,919,873 million had been invested in a current account without being used for intended purposes .</p>	<p>9. The AO stated that action would be taken to withdraw this statement.</p> <p>10 The Committee wanted the Vice Chancellor, as an example, to use this machine to record her attendance, and report back to the Committee the progress after one month time.</p> <p>11 The Committee directed the CAO/AO to submit a report to the Committee on this matter.</p> <p>12 The CAO/AO was directed to submit a report to the Committee on the breakdown of the above amount, indicating the source of the money had been received and the purpose for receiving.</p>

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September 21, 2012 Uva Wellassa University (Ministry of Higher Education)	1 There had been 111 vacancies in the academic grades and 41 excess staff in the Lecturers (probation) position. 2 There had been savings in the provisions received for research activities <table><tr><td><u>Year</u></td><td><u>Savings as % of Budgeted provision</u></td></tr><tr><td>2009</td><td>75%</td></tr><tr><td>2010</td><td>50%</td></tr><tr><td>2011</td><td>62%</td></tr></table>	<u>Year</u>	<u>Savings as % of Budgeted provision</u>	2009	75%	2010	50%	2011	62%	1. Directed to submit a proposal to overcome the issue of the academic staff vacancies to the Committee within a month. 2. The CAO/AO stated that since the Uva Wellassa University was a new Uni. conducting of research projects had been at a lower level and when the University gets more senior staff they would be able to utilize the estimated amounts of funds for research.
<u>Year</u>	<u>Savings as % of Budgeted provision</u>									
2009	75%									
2010	50%									
2011	62%									
October 04, 2012 SL Institute of Advanced Technological Education (Ministry of Higher Education)	1 The Procurement Plans up to the year 2012 had not been prepared. The CAO/AO stated that at present the Institute had prepared the Procurement Plan. 2 There had been credit balances over 5 years amounting Rs.7,872,590 which had not been settled by the Institutions. 3 The deficit of the Institution had been increased annually.	1. Directed to the CAO/AO to submit a copy of same to the audit. 2. The Committee wanted the CAO/AO to make an attempt to discuss with those Institutions and come to a conclusion. 3. The Committee wanted the CAO/AO to consider this at a higher management level and adopt a methodology to at least come up to the breakeven standard.								

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October 04, 2012 University of Colombo (Ministry of Higher Education)	1 Research allowances amounting to Rs.48,488,274 had been paid to 497 lecturers without obtaining the approval of a research committee. 2 The officials of over 60 year of age are working in the University without a Cabinet approval.	2. The Committee directed the CAO/AO to obtain the Cabinet approval if the University needs their services.
October 04, 2012 Rajarata University of Sri Lanka (Ministry of Higher Education)	1 The Corporate Plan had not been prepared in terms of the PED/12 Circular. Performance of 03 preceding years and the targets for the 05 ensuing years had not been indicated. 2 There had been 102 vacancies in the academic grades. 3 Rs.16,036,164 had been paid for consultancy services without obtaining approval from the Dept. of Management Services.	1. The CAO/AO agreed to revise the Corporate Plan. 2. The CAO/AO stated that they had a problem of recruiting staff due to the location of the Uni. The Committee wanted the CAO to introduce an incentive scheme to retain the academic staff. 3. Directed the CAO/AO to follow the procedures.
October 04, 2012 University of Ruhuna (Ministry of Higher Education) Contd...	1 23 academic and 117 non academic vacancies to be filed.	1. The CAO/AO stated that they were undergoing difficulties in recruiting academics to the Engineering & Medical Faculties on the prevailing salary scales.

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	<p>2 06 projects amounting to Rs. 2,484,878 had remained dormant as at the end of August 2012.</p> <p>3 Identified following shortcomings in the construction of the Eliyakande Boys hostel.</p> <p>i. The construction work had not been completed within one year as per the agreement and had paid Rs. 60,761,673.</p> <p>ii .The defects had not been rectified.</p> <p>iii. Only 1/3 of the hostel is occupied.</p>	<p>2 Directed the CAO to adopt a mechanism where they could recover the funds, if the researches abandoned the research projects.</p> <p>3 The University had to re tender this project to complete the defects, as such the former contractor had not attend to rectify.</p>
<p>October 05, 2012</p> <p>National Apprentice and Industrial Training Authority</p> <p>(Ministry of Youth Affairs & Skills Development)</p>	<p>1 The buildings worth Rs.61.6 million had been constructed in 08 lands belonging to the external parties and enquired the action taken to acquire those lands.</p> <p>2 Rs. 29 million had been settled out of the debtor balance Rs. 33.7 million as at 31.12.2011.</p> <p>3 Rs. 40,696,390/- had been idling in the current account.</p>	<p>1 Directed the CAO/AO to submit a detailed report regarding those lands.</p> <p>2 Directed the CAO/AO to submit a report with an age analysis of the outstanding amount to the Committee.</p> <p>3 Directed the CAO/AO to take action to deposit the money in 07day call deposit scheme.</p>
<p>October 05, 2012</p> <p>Selacine Television Institute</p> <p>(Ministry of Mass Media & Information)</p> <p>Contd...</p>	<p>1 The Committee discussed the current position of transformation of this institute to a limited liability company.</p>	<p>1 Wanted the CAO to discuss this issue with the Hon. Minister, and submit a Cabinet paper with a feasibility report , giving reference to the earlier Cabinet decision to reconsider of establishing this institute as a separate entity.</p>

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	2 The Committee observed that receivable amounting to Rs.9,027,363/- had not been identified	2. The CAO/AO stated that Rs. 2.5 million had been identified and a Committee had been appointed to look into the balance.
October 05, 2012 University of Vocational Technology (Ministry of Youth Affairs & Skills Development)	1 Considering the financial performance of the University the Committee observed deficit had increased when compared to the years 2009 and 2010. <div style="text-align: right; margin-right: 50px;"> Deficit 2011 (6,844,277) 2010 (2,938,042) 2009 (5,264,826) </div>	1. Directed to take measures to control the deficit
October 05, 2012 Vocational Training Authority (Ministry of Youth Affairs & Skills Development)	1 Without entering into an agreement or bond 03 officers who had gone overseas on study leave with salaries had not reported for work and action had not been taken to recover the spent sum of Rs.8,164,703/- by the Authority. 2 The Vehicle had been hired on Rs. 40,000/- monthly rent basis period from sept.2008–Dec.2010 and a sum of Rs. 1.119 million had been deposited to the bank account of the officer who used the vehicle and also it had been revealed that the beneficiary and the owner of the vehicle had been the same person. Although he had been interdicted, he was being paid the full salary from 02.06.2011 with the former Chairman’s written recommendation.	1. Directed the CAO/AO to submit a report including the officers responsible for not obtaining a bond or entering to an agreement and authorizing leave with pay to the Committee. 2. As per the provisions of the Establishment Code only half pay should be paid at the time of interdiction the Committee directed the CAO/AO to follow the correct procedures.
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	<p>3 Foreign project funds amounting to Rs.119,633,370/- had been incurred for the construction of 26 buildings, on lands not belonging to the Authority without obtaining title deeds.</p> <p>4 There had been 55 instances employees had been recruited and promoted in contrary to the Management Services Circular.</p> <p>5 02 consultants had been recruited without obtaining the approval from the Dept. of Management Services and paid a monthly allowance of Rs. 150,000/- per person.</p>	<p>3. Directed the CAO/AO to submit a schedule with details. (area on which the land situated, date on which the land had been transferred to the Authority, amount estimated to be spent to obtain the title deeds, and the amount spent so far, and the difficulty came across in the process of getting the ownership transferred).</p> <p>4. The Committee having considered seriously the informal activities of the former Chairman and directed the CAO/AO to submit a detailed report on the above 55 instances.</p> <p>5. The CAO/AO stated that the former Chairman had given these appointments. The Committee directed the CAO to stop payment with immediate effect and if need to get the services of the consultants to follow the proper procedures/ circular instructions.</p>
<p>October 09, 2012</p> <p>Buddhasravaka Bhikku University of Sri Lanka</p> <p>(Ministry of Higher Education)</p>	<p>1 12 items of assets costing Rs.14,248,641/- had not been revalued and brought into the accounts. The CAO/ AO stated around 75% of the above had been done and the balance would be completed early.</p>	

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October 09, 2012 Postgraduate Institute of Pali & Buddhist Studies (Ministry of Higher Education)	1 Discussed the student registration.	
October 09, 2012 & November 06, 2012 University of Peradeniya (Ministry of Higher Education)	1 The Internal Audit unit had issued 13 reports in the year 2011, the University had not used them for the purposes of internal control and administration of the University. 2 The amount had been increased to Rs. 195 Mn from the lecturers who had breached the agreements. 3 The Corporate Plan for the period of 2012 –2016 had not been prepared in terms of the PED/12 circular.	1 Directed the CAO/AO to discuss with the officials of the Auditor General's Dept., and take action to reply to all audit queries before the 06.11.2012. 2 Directed the CAO/AO to prepare a standard bond for all Universities and if necessary to get the advice from the Attorney General. 3 Directed the CAO/AO to include the SWOT analysis as instructed and furnish the Corporate Plan to the Committee.
October 09, 2012 Wayamba University of Sri Lanka (Ministry of Higher Education) Contd...	1 The books worth of Rs.82,853,801/- and 04 types of fixed assets worth of Rs. 1,037,450,869/- had been excluded from the annual board of survey. 2 The University had not obtained the approval of the Ministerial Procurement Committee, when the value of the construction had been exceeded by Rs. 5 million for the construction of a wall around the sports ground in the Kuliyaipitiya premises.	2 Directed the AO to obtain the approval of the line Ministry, and to adopt a methodology to carry out the constructions within the stipulated legal frame work in the future.

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	<p>3 Discounts amounting to Rs. 410,536 had not been received when purchasing library books.</p> <p>4 A payment of Rs.4,130,770 could not be made to the supplier for the purchase of library books due to not obtaining approval of the Procurement Committee</p>	<p>3. Directed the CAO/AO to submit a detailed report on the purchase of these books.</p> <p>4. Directed the CAO/AO to appoint a Committee with the approval of the Council and to get their instructions as to how this payment could be made.</p>
<p>October 10, 2012 & November 06, 2012</p> <p>University of Sabaragamuwa</p> <p>(Ministry of Higher Education)</p>	<p>1 Annual reports for the years 2009,2010 & 2011 had not been tabled in Parliament. 2007 and 2008 Annual Reports had been tabled in the year 2011.</p> <p>2 The Procurement Plan for the year 2012 had not been prepared.</p> <p>3 Discussed the Irregular payment of Rs.139,000 to the University Employees under their personal names and the Committee observed that the issuing of warning letters against these officials would not be sufficient, this had been a cash fraud.</p> <p>4 After paying a mobilization advance of Rs. 2,256,981 to a contractor, the contract agreement had been cancelled due to the abandonment of the construction work, but the University had not taken adequate action to recover the unsettled mobilization advance amounting to Rs.1,179,637 from the contractor.</p>	<p>1. Directed to table all three reports in Parliament prior to the end of December 2012.</p> <p>2. Directed the CAO/AO to look into this matter.</p> <p>3. The AO agreed to recover the money from those responsible officers and inform the Committee in due course.</p> <p>4. The CAO/AO stated that the Uni. had decided to take legal action with the consultation of the Attorney General.</p>

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<p>October 10, 2012</p> <p>University of Sri Jayawardenapura</p> <p>(Ministry of Higher Education)</p>	<ol style="list-style-type: none"> 1 Doctorate had been awarded to a foreigner by the Hema Ellawala foundation in contrary to the approved procedures and the provisions of the University Act. 2 University had not obtained the concurrence of the UGC as per the Universities Act for 07 self financing courses. 3 The Academics had not signed the arrival and departure and also not followed the specified procedure in obtaining leave as per the Establishment Code of the UGC. 4 Rs. 10,690,115 to be settled in the advance account by the end of the year 2011.The CAO/AO stated that out of Rs. 10Mn, Rs. 3 Mn had been settled and there had been no evidence to prove the rest of the outstanding amount. 5 Computer Information System which had been established incurring Rs. 4,003,580 and US \$ 28,101 in the year 2010 had not been utilized. The CAO/AO stated that this project had been abandoned half way. 	<ol style="list-style-type: none"> 1. Directed the CAO/AO to submit a report to the Committee on the action taken against those responsible officers and schedule of the honorary degrees awarded by the Uni. for the last 05 years. 2. Directed the CAO/AO to obtain the approval from the UGC. 3. Directed the CAO/AO to adopt a methodology to verify the arrival and departure of the academics and their leave records. 4. Directed the CAO/AO to submit a breakup of the outstanding amount with the age analysis to the Committee also directed the CAO/AO to adopt a methodology by assigning a responsible officer to recover these advances.

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<p>November 06,2012</p> <p>Sugathadasa National Sports Complex Authority</p> <p>(Ministry of Sports)</p>	<p>1 The Electronic Barrier Machine purchased for the vehicle park in the year 2009 at a cost of Rs.4,912,403/- were not available some facilities. The CAO/AO stated that due to 2 accidents , the agent had issued a report stating that the machine is in working condition but it does not perform the original standard.</p> <p>2 Sports Hotel leased out for a 3 year period at a monthly rental of Rs. 760,000/- had been cancelled by the Secretary, Ministry of Sports in December 2010 and thereafter it had been managed by the Authority. Minimum loss of Rs. 2,158,230/- had been incurred in the year 2011.</p> <p>3 Discussed about the outstanding debtor balance of Rs. 25 Mn from the Sri Lanka Cricket Board.</p>	<p>1. The Committee observed that the Authority neither had taken action to hold an internal inquiry nor had made a complaint to the police, directed the CAO to send a detailed report on this issue to the Committee.</p> <p>2. The CAO agreed to submit a report having made an investigation.</p> <p>3. The CAO/AO stated that this amount had been brought forward from the year 2006 and Authority had held several discussions with the Cricket Board officials, but there had been no response , the Authority had decided to take legal action against the Sri Lanka Cricket.</p>
<p>November 06, 2012</p> <p>Sri Lanka Institute of Fundamental Studies</p> <p>(Ministry of Technology & Research)</p> <p>Contd...</p>	<p>1. Laboratory and other equipment valued at Rs.71,135,242/- remained idle in the laboratories for more than 20 years. The CAO/AO stated that according to the valuation report the value of the equipment had been Rs.83 million and action would be taken to dispose of them by auction.</p>	<p>1. Directed the CAO/AO to see whether those items are needed by the other research institutes in the country before they are being disposed. Also directed the Treasury to co-ordinate with the Institute in this regard.</p>

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	<p>2 Discussed about the testing of water for Cadmium and Fluoride by several institutions</p> <p>3 New building of the Institute had been awarded to the Dept. of Buildings, without obtaining the approval of the Cabinet appointed Procurement Committee.</p>	<p>2. Wanted the CAO to see whether the Ministry of Technology and Research could adopt one system to be used by all those institutions.</p> <p>3. Wanted the CAO/AO to appoint a Technical Officer from the Institute to supervise the construction work in order to avoid sub contracting.</p>
<p>November 07, 2012</p> <p>Saumymoorthy Thondaman Memmorial Foundation</p> <p>(Ministry of Live Stock & Rural Community Development)</p>	<p>1 (i) Rs. 5,052,238 had been spent for the renovation of a building for the Head Office which the foundation had taken in rent for two years, but the Foundation had occupied the building only for a short period of time.</p> <p>(ii) Rs. 3,227,524 had been incurred for repairs in another building obtained on rent basis in 2008.</p> <p>2 The meetings of the Board of Directors had not been held for the last 02 years.</p>	<p>1. (i)The CAO/AO stated that action had taken to recover 25% of the expenditure.</p> <p>(ii) The CAO/AO stated that the Foundation had been occupying the building and the repairs also had been done subject to the condition that the owner would not increase the rent of Rs.175,000/- per month for another 08 years.</p> <p>2. The Committee directed the CAO to hold the meetings of the Board of Directors and forward the Board Minutes to the Committee.</p>
<p>November 07, 2012</p> <p>Galle Heritage Foundation</p> <p>(Ministry of National Heritage)</p>	<p>1 Enquired about the steps had been taken to develop and conserve the Galle Fort.</p>	<p>1. It was brought to the notice, due to lack of funds, the Galle Fort handed over to the UDA for reformation.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
November 07,2012 Institute of Biochemistry, Molecular Biology & Biotechnology (Ministry of Higher Education)	1 Enquired whether there would be any possibility of increasing the intake of students for the courses conducted by the Institute.	1. The CAO stated that the institute would have to increase the staff to accommodate more students.
November 20, 2012 Postgraduate Institute of Agriculture (Ministry of Higher Education)	1 Discussed of having a Research Centre with modern facilities covering all the Universities/Postgraduate Institutes. 2 Two entities had been established and two lecturers and a Coordinator had been recruited and paid Rs. 2,857,220 as allowances in contrary to the University Act No.16 of 1978. 3 Fixed assets totaling to Rs. 1,415,374 related to 04 projects had not been transferred to the relevant Institute in terms of the SL Agricultural Research Policy Council Agreement.	1. The Committee wanted the CAO/AO to submit a proposal to the Hon. Minister of External Affairs explaining their necessity. 2. The CAO/AO stated that by an error they had established these centers and by now they had been closed down. 3. The CAO/AO having accepted the shortcoming, informed the Committee that the Institute did not have a fixed assets register at that time, but before the end of this year they would take action to complete this task.
November 20, 2012 Postgraduate Institute of Science (Ministry of Higher Education) Contd...	1 73 computers had been purchased at Rs. 6,482,745 in 5 occasions in contrary to the Procurement Procedures. 2 Holiday wages amounting Rs. 125,083 had been paid to an Electrical Engineer without obtaining the approval as per the University Establishment Code. 3 A Programme Coordinator had been paid Rs. 4,913,086 without issuing a formal appointment letter as per the Uni. Establishment Code.	1. Directed the CAO/AO to prepare a Procurement Plan and ensure that the purchases were done accordingly. 2. Directed to take action to regularize the matter.

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	4 Outstanding balance of the gratuity fund amounting to Rs. 2,812,975 had been credited to the General Deposit Account.	4. Directed the CAO/AO to see that those balance be invested in a separate account. The CAO/AO agreed to invest them in the fixed deposit Account.
November 20, 2012 National Center for Advanced Studies in Humanities and Social Sciences (Ministry of Higher Education)	1 Scholarship beneficiaries should complete the Degree in Master of Philosophy within a period 3 to 5 years, 22 and 21 beneficiaries in the years 2005 and 2006 respectively had not completed the degree within the prescribed period.	1. The CAO/AO stated that legal action had been taken against 08 beneficiaries who had violated the agreement.
December 05, 2012 SL Institute of Local Governance (Ministry of Local Government & Provincial Councils)	1 The Budget and the Action Plan had also not been prepared in line with the Corporate Plan 2 Both Local Authorities and Provincial Councils need to be developed as per the Act, but an adequate attention had not been paid for the development of HR in the Provincial Councils by the institute.	1. Directed the CAO to look into this matter.
December 05, 2012 Information & Communication Technology Agency of SL (Ministry of Telecommunication & Information Technology)	1 70 members in the staff were paid gratuity and enquired how gratuity paid if the institution was closed down. Further enquired where had the provision of Rs. 25 million for that purpose been invested.	1. The CAO/AO stated that the amount had been invested in the Sampath Bank but not disclosed in the accounts. Further stated that there were a lot of accounting errors, a decision had been taken by the Board of Directors to recruit a Chief Finance Officer.

Appendix C

Issues discussed at the Meetings of the Sub Committee II of the Committee on Public Enterprises.

Composition of the Sub Committee II of the Committee on
Public Enterprises.

1. **Hon. Karu Jayasuriya (Chairman)**
2. Hon. A.P.Jagath Pushpakumara
3. Hon. S.M.Chandrasena
4. Hon. (Dr.) Mervin Silva
5. Hon. Sarana Gunawardene
6. Hon. Weerakumara Dissanayake
7. Hon. (Al-Haj) A.H.M.Azwer
8. Hon. Sajith Premadasa
9. Hon. Sunil Handunnetti
- 10.Hon. Namal Rajapaksha

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
<p>July 05th 2012</p> <p>Coconut Cultivation Board</p> <p>(Ministry of Coconut Development & Jannatha Estate Development)</p>	<p>1 The Annual Reports for the years 2006, 2007, 2009 & 2010 had not been tabled in Parliament.</p> <p>2 There had been 406 vacancies in the cadre of the CCB.</p> <p>3 The Committee wanted to know the current status of the coconut cultivation in the Northern and Eastern Provinces.</p> <p>4 A loss of Rs. 1.7 million had been incurred in the year 2008 by the Egg Production Unit of the Mahayaya Model Coconut Garden.</p>	<p>1. It was agreed to take action to table the 2009 and 2010 Annual Reports in Parliament within 02 months time and to table 2006 & 2007 Annual Reports within two weeks time.</p> <p>2. It was stated that the action would be taken to seek the approval for the SOR to fill all the vacancies.</p> <p>3. The CAO/AO stated that the coconut nurseries had already been established through the project funded by the JAICA and the seedlings had been distributed several times with the aim of developing the cultivation in the region.</p> <p>4. The Committee directed the CAO/AO to submit a report on this matter to the Committee.</p>
<p>July 05th 2012</p> <p>Land Survey Council</p> <p>(Ministry of Lands & Land Development)</p> <p>Contd..</p>	<p>1 Both Corporate Plan and the Action Plan of the Council contain number of shortcomings.</p> <p>2 The Annual Reports for the years 2008 and 2009 had not been presented in Parliament when the 2010 was presented.</p>	<p>1. The Committee directed the CAO/AO to prepare the Corporate Plan and the Action Plan as directed and to submit it to the Committee</p> <p>2. The CAO/AO was directed to take action to table the outstanding reports and also to see that the 2011 Annual Report also be presented in Parliament before the commencement of the Budget.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	3 The Committee questioned as to how the Council was carrying out the duties without having a permanent Secretary.	3. As the Committee was of the opinion that the Council should recruit a secretary on permanent basis to have an efficient service to the Council. the CAO AO agreed to obtain approval from the Dept. of Management Services to that effect.
July 05th 2012 Colombo Commercial Fertilizer Co. Ltd. (Ministry Agrarian Services & Wildlife)	1 The annual report for 2011 had not been tabled in Parliament. 2 A total amount of Rs. 36,368,221 had been due from 67 debtors for over 5 years. 3 The Company had taken over draft facilities contrary to the Financial Regulations 387 and paid a sum of Rs. 8,833,269 as interest. 4 The Committee observed an unidentified credit balance of Rs. 498,000 in a bank account relating to the years 2007, 2008 & 2009.	1. The Committee directed the CAO/AO to take action to table the Annual Report for the year 2011 in Parliament before August 2012. 2.The Committee directed the CAO/AO to submit a list of those debtors to the Committee with the amounts due from each debtor. 3.The Auditor General pointed out that if they have invested money in a fixed deposit they can obtain LC's against that deposit from the respective Bank. The Committee wanted the CAO/AO to negotiate this matter with the bank and come to the best alternative. 4. The CAO/AO was directed to submit a report on this matter to the Committee within two months.
Contd..		

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	<p>5 The construction of the store in Hambantota District, for which Rs. 253,173 had been spent in 2007 for the preparation of plans, had not been commenced even by 2012.</p> <p>6 Three fertilizer mixers valued at Rs. 3,750,000 had been lying idle since the year 2008.</p>	<p>5. The CAO/AO stated that a land in Hambantota had been identified and that action would be taken to commence the construction work once all legal matters are finalized.</p> <p>6. The CAO/AO stated that one of the machines which had already been corroded would be disposed after getting the treasury approval and also stated that they had stopped the production of mixed fertilizer consequent to the commencement of the distribution of direct fertilizer.</p>
<p>July 09th 2012</p> <p>Hector Kobbekaduwa Agrarian Research & Training Institute</p> <p>(Ministry of Agriculture)</p> <p>Contd..</p>	<p>1 The Committee queried as to why the shortcomings pointed out by the Internal Audit had not been taken into consideration by the Institute.</p> <p>2 The Committee observed that there had been 44 vacancies to be filled.</p> <p>3 The Committee observed that the amount to be recovered from Scholarship Debtors had increased from Rs.11.46 million to Rs.12.9 million.</p>	<p>1. The CAO/AO agreed to consider the weaknesses/ shortcomings pointed out by the Internal Audit in future.</p> <p>2. The CAO/AO agreed to take early action to fill the vacancies.</p> <p>3. The CAO/AO stated that two of the defaulters had come for a settlement except the cases pending before the courts and at present the institution obtains a property of the scholars as a guarantee from those who go on scholarships.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	<p>4 28 air conditioners had been purchased incurring Rs. 1,509,206/- without following the proper tender procedures.</p> <p>5 The Committee also having observed that 03 laptops had been purchased in 2011, at a cost of Rs. 237,000/- without following the tender procedures,.</p> <p>6 The Annual Reports for the year 2011 had not been tabled in Parliament.</p> <p>7 The Board of Survey on library books valued at Rs. 11,668,360/- had not been carried out for the year 2011.</p> <p>8 The repairs to the vehicles had been assigned to the same garage, without following the procurement guidelines.</p>	<p>4. The Committee was of the view that there had been no transparency in this transaction, and wanted the CAO/AO to see that the Institute follow the tender procedures when making purchases in the future.</p> <p>5. Directed the CAO/AO to see that the tender guidelines are followed in the future</p> <p>6. The Committee directed the CAO/AO to take action to table the report before the commencement of the budget.</p> <p>7. The CAO/AO stated that action would be taken to carry out the 2011 Board of Survey early.</p> <p>8. The Committee informed that the Head of the Dept. has the authority to spend funds only in an emergency, and the Institution should follow the accepted tender procedures at the other times.</p>
<p>July 09th 2012</p> <p>National Aquatic Resources Research & Development Agency</p> <p>(Ministry of Fisheries & Aquatic Resources)</p> <p>Contd..</p>	<p>1 The Committee having observed the inordinate delay occurred in the presentation of annual reports for the years 2008, 2009,2010 and 2011 , and the delay in presentation of annual accounts for 2011 to the Audit.</p>	<p>1 The CAO was informed of the necessity of submitting annual reports as well as annual accounts at the prescribed period of time.</p>

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Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
Contd..	2 A fresh Corporate Plan for 2012-2016 had been prepared.	2. The Committee directed to submit same to the Committee as well as to the Auditor General.
	3 The Committee questioned on a construction of a boat for the use of research purposes, exceeding the estimated cost by Rs.4,733,693/- which was not in usable condition.	3. The AO stated that a Committee had been appointed under the chairmanship of a former Addl. Secretary to look into the procedure of the construction of this boat and the Committee directed to submit a copy of this report to the Committee.
	4 An advance of Rs. 3,279,233 (83%) had been granted in April 2011, for the purchase of two 200HP, 4 Stroke engines valued at Rs. 4.49 millions and these engines had not been received even by May 2012.	4. The CAO stated that as they had not received required funds from the treasury they could not initiate large scale projects and as such they were thinking of selling these engines to the SL Navy. The Committee was of the opinion that the Agency should have done a feasibility study before spending such a huge amount of money on these purchases
	5 The Fixed Assets Register had not been updated which includes assets valued at Rs. 1,106 million, in terms of the Treasury Circular and the Financial Regulations.	5. The Committee directed the CAO/AO to take action to update the Fixed Assets Register manually too parallel to the software and to submit a complete report on the Fixed Assets, by September 2012.

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	<p>6 The Committee observed that a stock of discarded rails valued at Rs. 1,360,800 had been idling in the Regional Research Centre at Kalpitiya.</p> <p>7 Without calling for tenders the security services of the Agency had been procured directly from the Ceylon Fishery Harbours Corporation and paid Rs. 2,613,496, Rs. 4,418,684 and Rs. 5,346,112 in the years 2009, 2010 and 2011 respectively.</p>	<p>6. The AO stated that these rails had been purchased to construct a pillar in the Kalpitiya Research Centre, and expect to complete the construction before the end of this year. The Committee also expressed its opinion that they had purchased these items without a proper plan and thereby a large scale wastage occurred.</p> <p>7. It was agreed that the Agency would negotiate with the Ceylon Fishery Harbours Corporation or call for fresh tenders to select the security service supplier for the year 2013.</p>
<p>July 09th 2012</p> <p>Udarata Development Authority</p> <p>(Ministry of Economic Development)</p> <p>Contd..</p>	<p>1 The Committee questioned about the presentation of Annual Reports for the year 2010/2011.</p> <p>2 The Committee queried about the Construction of the Ambuluwawa – Ganetenna Road.</p>	<p>1 The Committee directed the CAO/AO to take early action to table these reports in Parliament.</p> <p>2 The CAO/AO stated that since the documents pertaining to the aforesaid construction had been misplaced, it was decided to handover the matter to the Commission to Investigate Bribery or Corruption, and that they could come to a decision within a month's time.</p>

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	<p>3 A report had not been submitted as per the directive of the COPE meeting, regarding the current position of the Soap Production Project – Hanguranketha – Haku-ruthale.</p> <p>4 The Committee was of the opinion, that there were 5 institutions that are to be amalgamated by September 2012.</p>	<p>3. Directed the CAO/AO to furnish a fresh report to the Committee within a week.</p> <p>4. The CAO was directed to appoint a Committee to scrutinize all deficiencies/weaknesses in those institutions as per the COPE Report, and take action wherever necessary, and submit a detailed report to the Committee within a month time.</p>
<p>July 09th 2012</p> <p>National Institute of Fisheries & Nautical Engineering</p> <p>(Ministry of Youth Affairs & Skills Development)</p> <p>Contd..</p>	<p>1 The Auditor General brought to the notice of the Committee that since there had been a number of deficiencies in the accounts submitted by the Institution, a disclaimer of opinion had been expressed by the Audit for several years.</p> <p>2 The Committee observed that there had been 102 vacancies and 12 excess staff in the cadre.</p> <p>3 The Corporate Plan had not been prepared in terms of the PED/12 Circular.</p>	<p>1 The CAO/AO agreed to review the accounts for 2012 as pointed out by the Committee and submit to audit.</p> <p>2 The Committee wanted the CAO/AO to submit a copy of the approved cadre to the audit and the CAO/AO pointed out the difficulties to recruit qualified personnel for management level positions on the present salary scales.</p> <p>3 The Committee wanted the CAO/AO to prepare the Corporate Plan covering a period of 5 years, and to update it annually.</p>

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	<p>4 Only one officer had been deployed in the Internal Audit Unit, and the important observations made by the Internal Audit had not been made use of for the better management of the Institution.</p> <p>5 The Committee observed that the Institute had not taken action to ;</p> <p>i.settle 07 dormant assets amounting to Rs. 7,752,204/- and 04 dormant liabilities amounting to Rs. 1,168,298/- remaining over a number of years,</p> <p>ii.dispose 07 unusable motor vehicles.</p>	<p>4 The CAO/AO stated that the internal audit functions are carried out by the Head Office, according to the resources available, and that action would be taken to recruit staff for the Internal Audit in the year 2013.</p> <p>5 Such shortcomings had occurred at the time of transferring this institution to the Ministry of Youth Affairs and Skills Development, and agreed to rectify these issues, before the end of 2012.</p>
<p>July 09th 2012</p> <p>Palmyrah Development Board</p> <p>(Ministry Traditional Industries & Small Enterprise Development)</p> <p>Contd..</p>	<p>1 The Institute had not got the Scheme of Recruitment and Promotion approved by the Salaries and Carder Commission. (The Auditor General pointed out that certain appointments had been made without considering the required qualifications.)</p> <p>2 The Committee wanted to know the current position of the construction of the Karainagar Industrial Complex where the building was in a bad condition at the moment and also the respective land is not vested in the Palmyrah Development Board.</p>	<p>1. The Committee directed the CAO/AO to keep the treasury informed of this matter.</p> <p>2 The Committee, expressing its dissatisfaction for not being able to foresee the issue at the beginning, directed to submit a report to the Committee having discussed the matter with the board.</p>

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	<p>3 The Committee noted that a sum of Rs.1,220,000, recoverable from the tenants of the sublet Colombo office building, had been written off without proper approval.</p> <p>4 The Committee, observed that there were ten items in the accounts aggregating to Rs.98,855,051 which had not been satisfactorily vouched due to the non availability of the fixed assets register.</p> <p>5 The Committee observed that all the sales centres except one in the years 2010 and 2011 had been running at loss.</p> <p>6 It was revealed that the operations at the centre built at Cheddikulam at a cost of Rs. 434,843 in 2007, had not been started till 31st May 2012.</p> <p>7 The sublet portion of the building owned by the PDB at Galle Road, Colombo 04 , of which the expenses for the electricity as well as the water had to be borne by the Board due to the unavailability of a provision in the agreement to recover them.</p> <p>8 The arrears of the contribution for the EPF amounting to Rs. 2,866,660, had not been remitted to EPF.</p>	<p>3 The CAO/AO was directed to initiate action to recover the arrears.</p> <p>4 The Committee directed the CAO/AO to regularize the matter early.</p> <p>5 The Committee wanted the CAO to pay serious attention on the loss making sales centres and farms and further suggested to make policy changes such as bringing in the private sector investors into the industry.</p> <p>6 The Committee directed to send a performance report on this centre to the Committee within a month.</p> <p>7 The Committee, having expressed its dissatisfaction on the transaction, directed the CAO/AO to regularize the matter and send a report to the Committee within a month.</p> <p>8 The CAO/AO was directed to take immediate action to regularize the matter.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
July 24th 2012 National Institute of Plantation Management (Ministry of Plantation Industries)	<p>1 It was observed that as per the Act, the Board of Directors should comprise 15 members, but only 13 members had been appointed, and the 02 members representing the Trade Unions had not been appointed yet.</p> <p>2 The 2010 and the 2011 Annual Reports had not been tabled in Parliament.</p> <p>3 The Committee enquired as to why there had been 04 vacancies and 10 excess staff in the cadre.</p> <p>4 The total income of the Institute in the year 2011, when compared to 2010 had been decreased, and also the profit of 2010, had become a deficit in the year 2011.</p>	<p>1 These appointments had to be made by the Hon.Minister, and agreed to inform him accordingly.</p> <p>2 The CAO/AO stated that action would be taken to table the 2010 and 2011 Annual Reports early.</p> <p>3 The CAO/AO explained that since the Salary Scales applicable to certain positions had been at lower level, it had been difficult to recruit staff for these positions. The Committee suggested the CAO/AO to see whether they could revise the salary scales, to attract the persons who are interested.</p> <p>4 The CAO/AO was directed to pay attention on this issue.</p>

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<p>July 24th 2012</p> <p>Tea Research Institute of Sri Lanka</p> <p>(Ministry of Plantation Industries)</p>	<p>1 According to the Act, the Director Board should comprise 11 members, but 02 members representing the Trade Unions had not been appointed yet.</p> <p>2 The Corporate Plan prepared for the period 2008 – 2012 had not been reviewed and updated annually.</p> <p>3 The Committee questioned about the presentation of Annual Reports.</p> <p>4 There had been 215 vacancies and 15 excess staff in the cadre.</p> <p>5 It was observed that there had been a difference of Rs. 99,303,166/- between the ledger balance of the fixed assets and, the balances appearing in the schedules furnished to the audit with the financial statements and the existence of fixed assets valued at Rs, 823,889,400/- could not be established as the Register of Fixed Assets had not been updated.</p>	<p>1. It was stated that these appointments had to be made by the Hon. Minister, and agreed to inform him of the appointments.</p> <p>2. The CAO/AO stated that the Institute had analyzed the earlier Corporate Plan, and already a draft fresh Corporate Plan for the period 2013 – 2017 had been prepared.</p> <p>3. The CAO stated that action would be taken to table the 2010 Annual Report in Parliament very early.</p> <p>4 The CAO/AO stated that the Institute had taken action to recruit the staff as per the availability of provisions.</p> <p>5 The CAO/AO stated that since the assets had been very old, evidence relating to those assets could not be found and a request had been made to the Valuation Dept. to re-value those assets. The Committee was of the opinion that some additional provisions be requested from the Treasury to carry out the valuations and clear the accounts.</p>
Contd..		

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	<p>6 The total provision for gratuity amounted to Rs. 110,941,480/- had not been invested separately.</p> <p>7 Six machines valued at Rs. 4,142,173/- had been imported by the Institute in 1982 to test the suitability of the tea processing in Sri Lanka, and remain idle since then due to non-suitability of machines for the purpose.</p> <p>8 The Committee observed that the Institute had obtained a profit of Rs. 2.4 million in the year 2010, whereas it had become a deficit of Rs. 26.8 million in the year 2011.</p>	<p>6 This had occurred due to inadequate release of funds from the Treasury, but however action had been taken to deposit around Rs. 33 million separately in favour of gratuity provision, and also to increase this amount annually.</p> <p>7 The Institute had decided to write off the value, and had written to the Treasury through the Ministry for approval.</p> <p>8 The Committee wanted the CAO/AO to pay attention to this issue.</p>
<p>July 24th 2012</p> <p>Tea Small Holdings Development Authority</p> <p>(Ministry of Plantation Industries)</p> <p>Contd..</p>	<p>1 According to the Act the Board should consist of 13members, but only 09 members had been appointed, where a representative of the Tea Research Institute, 02 Trade Union Representatives and a Representative of the Lanka Planters Association had not been appointed.</p> <p>2 The 2010 and 2011 Annual Reports had not been tabled in Parliament.</p>	<p>1 Directed the CAO/AO if he does not wish to appoint these members action be taken to amend the Act accordingly and the CAO agreed to inform the Hon. Minister of these vacancies.</p> <p>2 The CAO/AO stated that action would be taken to table the 2010/2011 Annual Reports in Parliament early.</p>

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Contd..	3 There had been 46 vacancies and 47 excess staff.	3. With regard to the Executive Grade vacancies, the CAO/AO stated that since there is a Supreme Court case going on, the Attorney General had advised the Authority not to recruit staff grade officer until the court case is concluded.
	4 The Committee enquired the current position of the Outstanding amount of Rs. 5.5 million due from the Tea Factories for the Purchase of Colour Separation Machines .	4. The CAO/AO stated that this matter had been referred to the Attorney General, and the matter is being investigated by the Attorney General to take legal action against those concerned parties
	5 The Committee questioned about the Recovery of Rs. 9,873,192 due from the Tea Small Holdings Development Societies on the Vehicles provided on hire purchase basis.	5. The CAO/AO stated that Attorney General had advised them that since these societies are coming under the Authority, to negotiate and see whether they could recover the dues, without taking any legal action.
	6 The Tea Nursery at Thispane had incurred losses amounting to Rs. 725,541/- and Rs. 64,054/- during the years 2010 and 2011 respectively, and the No. of dead plants in nurseries at Thispane, Hantane and Rahathungoda had increased at the rate of 21, 27 & 30 percent respectively.	6. The CAO/AO stated that this situation occurred due to the bad weather conditions prevailing at that time and also stated that the Authority had a problem of obtaining suitable soil for the tea nurseries in that area.

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	<p>7 The deficit of the year 2011 had been increased by Rs. 54.12 million as compared to the preceding year.</p> <p>8 The Committee enquired as to why the Govt. grants of Rs. 130.27 million received for the development of tea small holdings had been brought forward continuously without being utilized since the year 2006.</p>	<p>7 The CAO/AO stated that since the Authority did not receive funds from the Treasury to pay subsidies, the Authority had withdrawn a deposit of around Fifty Million Rupees, and that may be the reason for the increase of the deficit in 2011 and agreed to look into this matter and submit a report to the Committee.</p> <p>8 The CAO/AO agreed to submit a report after scrutinizing the matter.</p>
<p>July 24th 2012</p> <p>Sri Lanka Cashew Corporation</p> <p>(Ministry Minor Export Crop Promotion)</p> <p>Contd..</p>	<p>1 The activities and objectives appearing in the Gazette Notification had not been included in the Corporate Plan prepared for the period 2012 – 2014.</p> <p>2 The Committee queried about the presentation of Annual Reports.</p> <p>3 Except the estates of Medagamuwa and Puttalam where the Processing Centers had been established, with regard to all the other estates the Corporation does not have the legal ownership.</p>	<p>1. The CAO/Ao agreed to revise the Corporate Plan as pointed out by the Committee.</p> <p>2 The AO stated that the action would be taken to table the 2010/2011 Annual Reports early.</p> <p>3 The CAO/AO was directed to pay attention to this issue.</p>

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Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	<p>4 Out of the extent of 40.8 hectares of the Mirijjawila Estate, an extent of 36.7 hectares had been acquired by the UDA and Sri Lanka Ports Authority in the year 2011, and since the Corporation has no legal ownership of those lands, there would be a risk in getting compensation for the development work done on those lands.</p> <p>5 The Committee observed that the assets which did not exist physically had been shown in the Accounts as the assets of the Kondachchi Estate amounting to Rs. 46,515,043 (excluding land).</p>	<p>4 Directed the CAO/AO to see that money spent for development activities be shown in the Balance Sheet separately. The CAO/AO agreed to rectify the accounts.</p> <p>5 Directed the CAO/AO to take action to remove those amounts from the accounts, after obtaining the Treasury approval.</p>
<p>July 24th 2012</p> <p>Land Reform Commission</p> <p>(Presidential Secretariat)</p> <p>Contd..</p>	<p>1 The Committee questioned whether the LRC had updated the Land Register of the lands which had been taken over by the LRC.</p> <p>2 The Committee observed that the Performance of 2011 had not been reported to audit to compare it with the Action Plan for the year 2011.</p>	<p>1 The CAO/AO stated that due to various difficulties, there had been a delay in updating the Register, but the LRC would take action to update the Register before the end of the year 2012, and the data would also be computerized.</p> <p>2 The CAO/AO stated that the action would be taken to correct the shortcomings as pointed out by the Committee.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
Contd..	3 There had been 222 excess staff and 63 vacancies in the cadre.	3 It was stated that the new cadre had been approved by the Salaries and Cadre Commission , and the permission had been given to absorb the excess staff to the new cadre. The Scheme of Recruitment had been sent to the Dept. of Management Services for approval, and the recruitment would be done accordingly.
	4 The Committee enquired the current position of the fraud relating to the installation of the Computer Programme costing Rs.3.1 million.	4 The CAO/AO stated that this fraud had taken place in the year 2007, and when inquired from the Commission to Investigate Bribery or Corruption, they were told that still the investigations were being carried out, and would inform the LRC once the investigations were over.
	5 The Committee enquired the current position on the debtor balance of Rs. 2,159,932,946.	5 The CAO/AO stated that every possible steps had been taken to recover from the private institutions, and already legal action had been taken against 14 such institutions.
	6 The Committee observed that the money received out of sale of lands had been taken as income, and a proper accounting system with regard to the this had not been followed. The Auditor General pointed out that if these accounting errors are not corrected, they could not express a favorable opinion on the accounts of the LRC.	6 The CAO/AO stated that as discussed with the Auditor General, action would be taken to rectify these accounting errors.

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	7 The Committee enquired whether the LRC had been registered for the payment of Value Added Tax.	7 The Committee directed the CAO/AO to take early action to get registered, since the payment of VAT is a revenue to the Govt.
<p>August 06th 2012</p> <p>Condominium Management Authority</p> <p>(Ministry of Construction , Engineering Services, Housing & Common Amenities)</p> <p>Contd..</p>	<p>1 2010 and 2011 Annual Reports had not been tabled in Parliament.</p> <p>2 In the Corporate Plan prepared for the period 2012 – 2016, the strategies to achieve the objectives had not been included and also the Action Plan for 2012 had not been prepared based on the Corporate Plan.</p> <p>3 As per the Act, the Director Board should comprise of 09 ex-officio members and 06 members appointed by the Minister, but the membership from the year 2010 up to date had been 09 ex-officio members and 02 members appointed by the Hon. Minister.</p> <p>4 An amount of Rs.500,00/-had been paid to the Lanka Labour Congress without the approval of the Board of Directors.</p>	<p>1 The Committee directed the CAO/AO to see that both reports are tabled in Parliament before the end of the year.</p> <p>2 The CAO/AO was directed to take action to update the Corporate Plan as pointed out by the Committee</p> <p>3 The CAO agreed to inform the Hon. Minister of this situation.</p> <p>4 The CAO/AO brought to the notice of the Committee that this payment had been made when this Institution was under the name of Common Amenities Board</p>

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	<p>5 A sum of Rs. 42 million had been received for 03 projects scheduled to be implemented by the Condominium Management Authority before the end of 2011, and the projects had not been completed even by 30.06.2012.</p>	<p>5 By now the Serpentine Housing Scheme project and the Public Awareness Programme had been completed.</p>
<p>August 06th 2012</p> <p>Institute of Construction Training & Development</p> <p>(Ministry of Construction , Engineering Services, Housing & Common Amini-ties)</p> <p>Contd..</p>	<p>1 The Corporate Plan prepared for the period 2011 – 2015 had not been prepared in terms of the PED/12 Circular.</p> <p>2 The Action Plan had not been prepared based on the Corporate Plan, and the following statements had not been tabled at the Board Meetings as per the PED/12 Circular, Para 4.2.2.</p> <p style="padding-left: 40px;">*Monthly Performance Statement in financial and physical terms,</p> <p style="padding-left: 40px;">*Operating Statement for the month.</p> <p style="padding-left: 40px;">*Cash Flow Statement for the month</p> <p style="padding-left: 40px;">*Liquidity position and borrowings</p>	<p>1 The Committee wanted the CAO/AO to take action to revise the Corporate Plan accordingly.</p> <p>2 The Committee wanted the CAO/AO to rectify all these shortcomings as pointed out by the Committee, and see that the NVQ programme also included in the Corporate Plan and the Action Plan.</p>

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Contd..	3 The Committee questioned on the recovery of balances due from National Equipment & Machinery Organization (NEMO), Centre for House Planinning & Building (CHPB), and other sundry debtors amounting to Rs. 114.5 million, Rs. 4.1 million and Rs. 2.5 million respectively.	3 The CAO/AO was directed to take action to carry out a suitable evaluation on machinery and equipment, and to rectify the accounts accordingly, before the end of this year.
	4 The Committee enquired the current position of the Deposits Amounting to Rs. 1,722,563/- made with the External Institutions.	4 The Committee directed the CAO/AO to discuss with the Treasury Representative and take appropriate action to write off the doubtful amounts.
	5 The Committee questioned on the Recovery of VAT Receivables amounting to Rs. 1,128,270/	5 Directed the CAO/AO to take action to write-off this amount with the approval of the Treasury.
	6 The Committee observed that a sum of Rs. 8,731,909/- advanced to procure goods and services was remaining unsettled for a period exceeding 05 years.	6 It was pointed out that this amount should not have been shown as advance, and directed to take action to rectify the accounts.
	7 The Committee observed that the value of stocks of the ICTAD had been Rs. 194 million which represents 29 percent of the total assets and 85 percent of the current assets, and enquired as to why such a huge stock had been maintained.	7 The Committee was of the opinion that if the re-valuation had been carried out yearly, such a problem would not have occurred, and also informed the CAO/AO to take action to differentiate the training equipment from the main stocks.

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	<p>8 There had been vacancies in the Executive, Subordinate and Minor Grades totaling to 89, and out of the 07 top management level positions, 06 positions are under acting basis.</p> <p>9 The Committee questioned about the presentation of 2011 Annual Report.</p>	<p>8 The CAO/AO stated that as the salary scales are not compatible with the higher qualifications required, they had been unable to recruit staff for the higher positions.</p> <p>9 The CAO/AO stated that the preparation of the 2011 Annual Report had been completed, and would take action to table it in Parliament early.</p>
<p>August 06th 2012</p> <p>Janatha Estate Development Board</p> <p>(Ministry State Resources & Enterprise Development)</p>	<p>1 The CAO explained, the current situation of JEDB which is operating without even an accountant has been identified by the Ministry as one of the most inefficient institutions coming under its purview.</p>	<p>1. The Committee directed to re-examine the JEDB and CAO agreed to table the outstanding annual reports and answers to the unreplied audit queries before the next date of summoning.</p>
<p>August 13th 2012</p> <p>Mahaweli Authority of Sri Lanka</p> <p>(Ministry of Irrigation & Water Resources Management)</p> <p>Contd..</p>	<p>1 There had been vacancies as well as excess staff in the staff cadre.</p> <p>2 The Annual Reports for the years 2009 and 2010 had not been tabled in Parliament.</p>	<p>1 The CAO/AO stated that the excess staff had been in the labour grades, and they had not recruited any staff for the minor grades recently and with regard to the vacancies in the other grades, he stated that the preparation of Scheme of Recruitments would be completed in 02 months' time, and hope to fill the vacancies before the end of the year.</p> <p>2 The Committee directed the CAO/AO to take action to table the 2009 and 2010 Annual Reports in Parliament before the commencement of the Budget for 2013.</p>

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Contd.	3 Rs. 7,239,096/- received from the sale of vehicles had been kept in a bank account without transferring it to the Consolidated Fund.	3 The Authority had decided to invest all the savings in the Treasury, and that the vehicles be purchased, obtaining provisions from the Treasury. The Committee informed the CAO/AO that in terms of the Treasury Circular, the Authority could obtain vehicles on lease purchase scheme.
	4 The Committee enquired whether action had been taken to auction the spare parts purchased at the cost of Rs. 1,376,096/- prior to the year 2006.	4 The CAO/AO stated that since these were very old out dated spare parts, the Authority had decided to dispose them and the Committee directed the CAO/AO to appoint a Committee, and then take action to write off, this amount after following the proper procedures.
	5 The Committee observed that unclassified assets amounting to Rs. 60,968 million as at 31.12.2011 had been shown in the Balance Sheet.	5 The Committee directed the CAO/AO to take action to clear the accounts early.
	6 The Committee enquired as to why the accounts had not been prepared and audited in the Mahaweli Engineering Services (Pvt) Ltd. from the year 2007, and the Mahaweli Livestock Enterprises (Ltd.) from the year 2010.	6 The CAO/AO stated that all the accounts had been prepared and submitted to the auditors, since they had to wind up these companies. The Committee directed the CAO/AO to complete the auditing and take necessary action to wind up these companies before the end of December 2012.

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	<p>7 Out of the provision of Rs. 2,280 million allocated for the Moragahakanda- Kalluganga Project in 2011, only Rs. 1,236 million equivalent to 54% had been spent.</p> <p>8 The Committee noted that the Authority had spent only Rs. 6,705 million as capital expenditure in the year 2011, and 45% had been saved out of the total amount.</p>	<p>7 The Committee directed the CAO/AO to submit a report to the Committee on this matter.</p> <p>8 The Committee directed the CAO/AO to submit a report to the Committee on this matter.</p>
<p>August 13th 2012</p> <p>Sri Lanka State Plantations Corporation</p> <p>(Ministry State Resources & Enterprise Development)</p> <p>Contd..</p>	<p>1. The Committee queried about the presentation of Annual Reports.</p> <p>2. There had been vacancies as well as excess staff in the cadre.</p> <p>3. The difference between the Financial Statement and the Ledger Accounts had been Rs. 1,544,191.</p> <p>4. The suspense account balance of Rs. 129,371,049 and Rs. 103,048 for the years 2010 and 2011 respectively had been written off through journal entries without obtaining the Treasury approval.</p>	<p>1. The CAO/AO was directed that the 2011 Annual report be tabled in Parliament before the end of 2012.</p> <p>2. The Corporation had submitted the cadre proposals to the Dept. of Management Services for approval.</p> <p>3. Directed the CAO/AO to furnish a report on this matter to the Committee with copy to the Auditor General.</p> <p>4. The Committee directed the CAO/AO to submit a report on these balances within three months' time to the Committee.</p>

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	<p>5 The Committee observed the following shortcomings in the final accounts of the Corporation .</p> <p>i.Bank balance amounting to Rs.23,495,165/- (fixed deposit and general deposit) had not been taken into the final accounts.</p> <p>ii.Difference of Rs. 34,198,283 shown in the figures in the Profit and Loss Account and the ledger account.</p> <p>iii.Erroneous Trade Debtor Balance of Rs. 32,221,140</p> <p>6 There had been a debit balance of Rs. 38,533,429 in the Financial Statements of the Perth Estate owned by BOI, where such a balance had not been disclosed in the final accounts of the BOI.</p> <p>7 The Corporation had obtained advances from Brokers, without coming in to agreement of any specific interest rate, and paid an interest of Rs. 15,937,120 and Rs. 16,587,181 in the years 2010 and 2011 respectively.</p> <p>8 The Committee questioned about the financial loss of Rs. 7,814,578 that had occurred at the Kelabokka Estate due to some irregularities in sale of 20,379 kg. of tea.</p>	<p>5. The CAO/AO having stated that due to various shortcomings these errors were occurred and agreed to enlighten the committee on their accounting procedures explaining the reasons for above accounting errors, within three months' time.</p> <p>6 Directed the CAO/AO to discuss this issue with the BOI, and take action to clarify this position.</p> <p>7 Since there had been a deficit of around Rs. 10 – 15 million, the Corporation had to obtain advances from the brokers, on the interest rates which they decide on.</p> <p>8 This fraud had taken place one and half years ago, this fraud was being investigated by the Criminal Investigations Department as well as the Attorney General's Dept.</p>

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<p>August 13th 2012</p> <p>Tea Shakthi Fund</p> <p>(Ministry of Plantation Industries)</p> <p>Contd..</p>	<p>1 It was observed that out of the 14 members of the Board, only 12 members had been appointed .</p>	<p>1 The CAO/ AO was directed to take action to appoint 02 members or to amend the act accordingly.</p>
	<p>2 The Committee observed that there had been 31 and 110 vacancies in the Tea Shakthi Fund and in the 13 tea factories respectively.</p>	<p>2 The CAO/ AO stated that they are in the process of calling for applications to fill the vacancies in the Tea Shakthi Fund and awaiting the approval for the cadre in the factories.</p>
	<p>3 Rs. 25.439 million had been receivable from sundry debtors and Rs. 15.09 million had been payable to sundry creditors.</p>	<p>3 An analysis had been carried out, and these balances had been due to accounting errors and action would be taken to present these balances before the Audit & management committee.</p>
	<p>4 The Committee enquired as to why action had not been taken to rectify the unidentified current account balance of Rs. 13.66 million as at December 2010.</p>	<p>4 The CAO/AO stated that the above amount had been reduced upto Rs. 634,376 by 2011, and would take action to rectify the balance in future.</p>
	<p>5 The Committee also observed that there had been a receivable amount of Rs. 19.9 million in connection with a stock of tea exported to Russia in 2002.</p>	<p>5 The Committee directed the CAO/AO take action to write off this amount , obtaining the Treasury approval.</p>

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Contd..	6 A bank overdraft of Rs. 9.70 million had been shown in the accounts of the Fund, but such an overdraft had not been shown in the Bank Statements.	6 It was stated that this had been an accounting error and the Committee was of the view that indicating such incorrect balances would cause various irregularities, and directed the CAO/AO to complete the reconciliation and submit a report to the Committee within three months time.
	7 The Committee observed that a sum of Rs. 1.55 million had been spent for the purchase of a computer software system, where the system had not been used for the preparation of consolidated accounts.	7 The CAO/AO stated that a suitable officer was not available to maintain the software system, and now the interviews had been held to recruit an officer to the computer section.
	8. The Corporate Plan prepared for the period 2010 – 2014 was not in terms of the PED/12 Circular, and it had not been reviewed and updated annually.	8 The Committee directed the CAO/AO to prepare a fresh Corporate Plan including the targets to be achieved and to submit it to the Committee early.
	9 The Annual Reports from the year 2006 had not been tabled in Parliament.	9 The CAO/AO agreed to table all the unrepresented reports before December 2012.
	10 The Committee enquired the current status of Rs. 1.22 million cash fraud that had taken place in the Kotmalee Tea Factory.	10 The CAO/AO stated that while the legal action was in progress the 02 officers responsible were dead. The Committee directed the CAO/AO to take necessary steps to write off the balance, obtaining necessary approval.

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<p>October 1st 2012</p> <p>Coconut Development Authority</p> <p>(Ministry of Coconut Development & Janatha Estate Development)</p> <p>Contd..</p>	<p>1 The Annual Reports from the year 2008 had not been tabled in Parliament.</p> <p>2 The Committee observed that the Authority had not prepared a Corporate Plan as per the present needs of the new Ministry.</p> <p>3 Of the interest free loan amounting to Rs. 2,000,000/- given to a private company by the Authority in 2006, a sum of Rs. 1,450,000/- had not been recovered yet.</p> <p>4 The Committee questioned about an officer who had misappropriated a sum of Rs. 1,580,992/- (including the interest).</p> <p>5 Action had not been taken to recover a sum of Rs. 57,715,037/- and Rs. 16 million interest receivable from BCC Lanka Ltd. given in the years 2002 and 2004.</p> <p>6 The Committee queried as to why 18 vehicles had been purchased utilizing the moneys of the Coconut Oil Price Stabilization Fund in the years 2000, 2008, and 2009 in contrary to the objectives of the Fund.</p>	<p>1 The CAO/AO was directed to see that the Annual Reports for the years 2008, 2009 and 2010 are tabled in Parliament before the commencement of the Budget.</p> <p>2 The CAO/AO agreed to prepare a Corporate Plan early as pointed out by the Committee.</p> <p>3 Since they had not settled the dues, this has been referred to the Attorney General to take legal action against this company.</p> <p>4 Already a case is being heard in the high courts, and an investigation is being handled by the CID simultaneously.</p> <p>5 The Committee directed the CAO/AO to take action to write off this amount with the necessary approval if there would be a problem of obtaining this money.</p> <p>6 The Committee directed the CAO/AO to submit a detailed report on this issue, and furnish the approval of the Treasury to the Committee as well as the audit.</p>

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	7 The Committee observed that research equipment to the value of Rs. 4.5 million had been idling.	7 The CAO/AO stated that the value of Rs. 4.5 million consists of all other accessories available in the laboratory, and stressed the fact that these equipment are being used from time to time when the necessity arises.
<p>October 1st 2012</p> <p>Coconut Research Board</p> <p>(Ministry of Coconut Development & Janatha Estate Development)</p> <p>Contd..</p>	<p>1 The Annual reports for the years 2010 & 2011 had not been tabled in Parliament.</p> <p>2 The Corporate Plan for the period 2013 – 2017 had not been prepared.</p> <p>3 The Institution had been unable to recover Rs.16.4 million due from 08 scholarship holders who breached the agreements.</p>	<p>1 Directed the CAO/AO to take early action to table them before the commencement of the Budget.</p> <p>2 The CAO/AO stated that a new Corporate Plan for the period 2013 – 2017 had been prepared and the Committee wanted the CAO/AO to submit a copy of the new Corporate Plan to the audit.</p> <p>3 The CAO/AO stated that the legal action had been taken against the 08 officers and further stated that, they could not trace the whereabouts of certain officers and, the guarantors. The Committee directed the CAO/AO to write the progress of each case to the Treasury for necessary action.</p>

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	<p>4 The Coconut Research Board had been able to introduce only one variety of coconut known as “ Kapruwana” for the period from 2001 to 2010, although Rs. 72.31 million had been spent on researches for the introduction of new varieties of coconuts.</p>	<p>4 The CAO/AO stated that the unavailability of suitable lands for the planting of seeds had been a major issue faced by the Board and further stated that a land from Northern Province is ideal for the purpose. The Committee informed the CAO/AO to request the Hon Minister of Coconut Development to discuss this issue with the Hon. Minister of Economic Development and also to see whether they could get a land from the Northern area.</p>
<p>October 1st 2012</p> <p>Hadabima Authority of Sri Lanka</p> <p>(Ministry of Agriculture)</p> <p>Contd..</p>	<p>1 19 projects in the Action Plan with the financial value of Rs. 14,003,900/- had not been implemented and out of purchases to be made as per the Procurement Plan before 15.03.2011 amounting to Rs. 18,070,000/- relating to 06 projects, only purchases to the value of Rs. 8,571,143/- had been made.</p> <p>2 The Committee questioned about the presentation of Annual Reports in Parliament.</p> <p>3 The Committee observed that due to over stating of values of different items/goods, the profit had been overstated by a sum of Rs. 7,354,165/-.</p>	<p>1 The Committee wanted the CAO/AO to ensure that in future before implementing any project, the ownership of the respective land or the property should be vested with the Authority.</p> <p>2 The Annual Reports upto 2010 had been tabled in Parliament and the 2011 Annual Report had been forwarded to the Ministry.</p> <p>3 The CAOAO stated that due to some accounting error, the stocks had been overstated in the final accounts, but by now the Authority had rectified the accounts.</p>

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Contd..	4 The Authority had constructed a stores complex and a sales centre spending Rs. 972,279/- and Rs. 2,053,675/- respectively in the lands owned to the Dept. of Agriculture and Dept. of Agrarian Services, but action had not been taken to acquire these lands as per the directive of the COPE meeting.	4 It was stated that since the Hadabimba Authority and the Dept. Of Agriculture was under the same Ministry, action had not been taken to acquire the said land and by then this land had been taken over by the Ministry of Economic Development, and had requested them to pay back the cost of the buildings, and thereafter action would be taken to transfer the ownership of those buildings to the Ministry of Economic Development.
	5 The Committee questioned as to what action had been taken against the officers concerned with regard to the sale of 14 cows at Rs. 160,000/- without proper assessment.	5 The CAO/AO stated that by now the Youth Services officer of the Divisional Secretariat, Ududumbara had been interdicted, and the Officer who was involved in this fraud in the Hadambi-ma Authority had been issued a warning letter, and the Committee wanted the CAO to pay attention to this matter.
	6 The Committee enquired as to why VAT amounting to Rs. 212,615/- had been paid to the supplier, without being remitted to the Commissioner General of Inland Revenue, as per the VAT (Amendment) Act No. 14.	6 The CAO/AO stated that by an error it had so happened, and agreed to carry out the work without such shortcomings in future.

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	<p>7 After spending Rs. 9,198,746/- for the establishment of the Mahailuppallama Farm, it had been closed down in May 2012.</p>	<p>7 This farm had been established to train the children of the farmers, but due to various reasons those children were not interested in the training, and due to the drought prevailed at that period, the Management decided to close it down .</p>
<p>October 1st 2012</p> <p>Sri Lanka Council for Agricultural Research Policy</p> <p>(Ministry of Agriculture)</p>	<p>1 Although the Board should consist of 14 members, only 12 members had been appointed by now.</p> <p>2 The 2010 and 2011 Annual Reports had not been tabled in Parliament.</p> <p>3 The Committee noted that out of the Un-settled amount of Rs. 1,344,205, only Rs. 510,664 had been recovered by 31.08.2012</p> <p>4 The Committee noted that although Rs. 18.722 million had been estimated for foreign scholarships in 2010, out of the 22 scholarships, only 09 scholarships had been awarded spending Rs. 8.746, and also new scholarships had not been awarded during 2011 and 2012.</p>	<p>1 The CAO having stated that the relevant ministries had already been informed to send their nominations, agreed to take immediate action to appoint the two members.</p> <p>2 The CAO was directed to take action to table both Reports in Parliament early, and ensure in future that the Annual Reports are presented in Parliament within the first six months of the following year.</p> <p>3 All the outstanding balances with the relevant agreement had been referred to the Attorney General for further action.</p> <p>4 In the year 2011, they selected 28 persons to send for Ph.D and M.Sc. to India, but since the Council did not receive adequate provisions, they could not send anyone in the year 2012.</p>

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<p>October 1st 2012</p> <p>Sri Lanka National Freedom From Hunger Campaign Board</p> <p>(Ministry of Ministry of Agriculture)</p> <p>Contd..</p>	<p>1 The Annual reports for the years 2006, 2007 & 2008 had not been tabled in Parliament.</p> <p>2 The Committee questioned about the unavailability of evidence to prove the balance of Rs. 2,227,860 found in 23 ledger accounts.</p> <p>3 The two drying machines and the furnaces valued at Rs.5,490,385 utilized in the Black Lemon Project implemented in the Monaragala District, had been idling at the moment as the project had been discontinued in the year 2012 .</p> <p>4 The Committee enquired as to why two rice powder projects and two farms had been started, spending Rs. 29.54 million in two buildings, constructed on a 33 acre land in the year 2011 without obtaining its legal ownership.</p>	<p>1. Directed the CAO/AO to take early action to table all the outstanding Annual Reports including that of 2011.</p> <p>2. The Committee directed the CAO/AO to appoint a Committee to see whether they could find any evidence regarding these balances and to write off the amount with the approval of the Treasury, if unable to trace any evidence.</p> <p>3. The said project had to be discontinued as sufficient quantity of lime could not be found and action had been taken to reutilize those machines for the dehydration of a variety of plantain for export.</p> <p>4. The preparation of the title deeds was then under the final stage and was optimistic that they would be able to submit the deeds to the Committee within two months time and the Committee wanted the CAO/AO to expedite the process.</p>

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	<p>5 The Committee enquired about the ambiguity with regard to the ownership of the land in Kilinochchi in which a farm with an extent of 100 acres had already been established spending Rs.11,025,243 without the approval of the Board of Directors.</p>	<p>5 The Committee noted that spending money on this project without the board approval had been a serious lapse and directed the CAO/AO to obtain the covering approval from the Board of Directors and report to the Committee.</p>
<p>October 2nd 2012</p> <p>National Aquaculture Development Authority</p> <p>(Ministry of Fisheries & Aquatic Resources Development)</p> <p>Contd..</p>	<p>1 Only 04 Meetings of the Board of Directors had been held upto September 2012.</p> <p>2 39 staff grade vacancies had existed in the approved cadre including Director post.</p> <p>3 The Committee questioned about the Annual Reports.</p>	<p>1 The committee stressed the need of holding board meetings at least once a month.</p> <p>2 The Committee was of the opinion that since the Director (Finance) position was essential, steps had to be taken to obtain the approval to fill this vacancy even on contract basis.</p> <p>3 The Committee informed the CAO/AO to see that the accounts of that particular year be submitted to the audit by 28th February of the following year, with source documents, enabling the Auditor General to submit the audit report in time to the Authority.</p>

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	<p>4 Out of Rs. 11,094,329/- incurred for the establishment of 25 fish seeds breeding units in 2006, the amount to be recovered by July 2012 had been Rs. 4,284,351/-.</p>	<p>4 The Committee wanted the CAO/AO to see whether such loans could be provided through Co-operative Banks that had been established to grant loans for this type of projects, so that it would be easy to collect the installments through those banks.</p>
<p>October 2nd 2012</p> <p>Rubber Research Board</p> <p>(Ministry of Plantation Industries)</p> <p>Contd..</p>	<p>1 The Corporate Plan for the period 2010 – 2014 had not been prepared in accordance with the PED/12 Circular.</p> <p>2 The Committee observed a total of 132 vacancies in the staff grade and the other grades.</p> <p>3 It was observed that an amount of Rs. 2,414,128, was outstanding for more than 4 years.</p> <p>4 It was pointed out that a loss of Rs. 1,318,842 had been incurred by the institute by offering the contract for up-rooting and evacuating 1134 rubber trees in the Nivitigala forest.</p>	<p>1. Directed the CAO/AO to revise it and submit to the Committee.</p> <p>2. The Committee directed the CAO/AO to give more attention on this matter and to take action to fill the vacancies.</p> <p>3. The CAO/AO was directed to appoint a committee to investigate into these balances and take action to write off the unrecoverable balances with the approval of the Treasury.</p> <p>4. The Committee directed the CAO/AO to submit a report indicating the current status on this matter to the Committee as well as the audit within a month time.</p>

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	<p>5 Assigning of the same person with the task of both purchasing and stores management had been against the practice of good governance.</p> <p>6 It was noted that a debtor balance of Rs. 3,904,237 out of Rs. 31,584,837 had been remaining for more than 10 years.</p> <p>7 The latex worth of Rs. 41,070,218 had been sold by the Kuruwita Sub Office in the year 2011 without calling quotations.</p>	<p>5 The CAO/AO stated that the Board had not been able to recruit an officer for the stores even though the post had been advertised twice, and agreed to rectify the matter early.</p> <p>6 The CAO/AO was directed to appoint a Committee to review the amount and take approval from the Treasury to write off the balances that cannot be recovered</p> <p>7 The Committee wanted the CAO/AO to send a clarification to the audit explaining the matter</p>
<p>October 3rd 2012</p> <p>Consumer Affairs Authority</p> <p>(Ministry of Co-operatives & Internal Trade)</p> <p>Contd..</p>	<p>1 08 members of the Board of Directors did not possess the qualifications stipulated in the Act.</p> <p>2 Contrary to the Treasury instructions the payments of transport and fuel allowances had been made to five officers who were not entitled for such allowances.</p>	<p>1 As the Board should contain not only the professionals but also the representatives from the other categories of the society, the Committee directed the CAO/AO to discuss with the Hon Minister and take early action to amend the Act.</p> <p>2 Directed the CAO/AO to adhere to the procedures/ guidelines and obtain covering approval from the Treasury. If not the Committee directed the CAO to surcharge the payments from the respective officers.</p>

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	3 The Committee having observed that there had been balances of Rs. 4,691,520/- and Rs. 10,132,963/- for the years 2010 and 2011 respectively in the current accounts,.	3 Directed the CAO/AO to see that the Authority invest those money in 07 day call deposits.
October 3rd 2012 National Livestock Development Board (Ministry of Livestock & Rural Community Development)	<p>1 An excessive number of appointments had been made to the Director Board exceeding the limit of 7 stipulated in the Act.</p> <p>2 The Committee questioned about the Annual reports which had not been tabled in Parliament so far.</p> <p>3 16 out of the 31 farms had incurred a loss of Rs. 63,785,976, and the information with regard to the Kandakaduwa farm had not been furnished to audit.</p>	<p>1. The CAO/AO stated that those appointments had been made considering the need for having expertise in the Board of Directors and further stated that it was expected to amend the Act accordingly.</p> <p>2 The Committee directed the CAO/AO to ensure that, in future, the Annual Report for the particular year is tabled in Parliament within 150 days of the closure of that financial year.</p> <p>3 It was stated that the losses incurred due to the drop of prices of Coconuts and chicken and Commenting on the question raised with regard to the Kandakaduwa farm, the CAO/AO stated that this farm had been handed over to the Ministry of Defence through the LRC as it had been situated within the war zone.</p>
Contd..		

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	<p>4 The Committee observed that in addition to the dishonored cheques worth of Rs. 2 million, issued by a private company, in lieu of the unreturned load of maize handed over to them for drying, there had been another Rs. 11 million to be recovered.</p> <p>5 The NLDB had obtained a bank overdraft amounting to Rs. 21,812,323 in the year 2011 without receiving approval.</p> <p>6 The NLDB had donated Rs. 3,144,990 and Rs. 1,505,803 respectively in the years 2010 and 2011 without obtaining the Cabinet approval.</p>	<p>4 As the AO stated that a court case had been filed to recover the total outstanding, the Committee directed the CAO/AO to submit the MOU signed with this company to the Committee with a copy to the Auditor General.</p> <p>5 It was agreed to write to the Secretary to the Treasury seeking approval for that purpose.</p> <p>6 It was directed to ensure that the Treasury guidelines are not violated.</p>
<p>October 3rd 2012</p> <p>Sugarcane Research Institute</p> <p>(Ministry of Minor Export Crop Promotion)</p> <p>Contd..</p>	<p>1 The Committee observed the following shortcomings with regard to the Composition of the Board of Directors</p> <p>i. Although the Director Board should comprise of 07 members, only six members had been appointed.</p> <p>ii. 03 members who possess qualifications in the research field had not been appointed.</p> <p>2 The presentation of Annual Reports for 2010/2011 was questioned.</p>	<p>1 Directed the CAO/AO to make the Hon. Minister aware of the position and take action to amend the Act or appoint the members as per the prevailing Act.</p> <p>2 The Committee directed to expedite the presentation of relevant reports.</p>

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	<p>3 After spending Rs. 8.61 million for the development of the lands belonging to the Mahaweli Authority, action had not been taken to obtain the legal ownership.</p> <p>4 There had been an outstanding amount of Rs. 1,745,300/- to be recovered from the Ministry of Supplementary Crops Development</p> <p>5 The Institute had utilized an additional amount of Rs. 6.4 million exceeding the approved amount of Rs. 6.5 million for the purchase of motor vehicles in the year 2010, without obtaining the Treasury approval.</p>	<p>3 As it was stated that already an application had been made, and within another three months' time, the Institute would be able to obtain the legal ownership of this land the Committee directed the CAO/AO to see that the matter is finalized early.</p> <p>4 As it was stated that there is no such ministry existing now, they have a problem of recovering the aforesaid amount, the Committee directed the CAO/AO to take action to write off this amount after obtaining the Treasury approval.</p> <p>5 The CAO/AO stated that when they wrote to the Treasury requesting covering approval, the Treasury had informed them that the Treasury was unable to give covering approval, and instructed them not to repeat the same mistake.</p>

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<p>October 5th 2012</p> <p>Vegetable Development Board</p> <p>Fruit Development Board</p> <p>Pulse & Grain Research & Production Authority</p> <p>(Ministry of Agriculture)</p>	<p>1 The Committee enquired as to why the action had not yet been taken to wind up these three institutions which had not been functioning for several years.</p>	<p>1 The CAO/AO stated that although the liquidation process had got delayed since the Hon. Minister wanted to see whether it was possible to amalgamate these three institutions into one entity, the Treasury had not been in agreement with the suggestion.</p>
<p>October 5th 2012</p> <p>Paddy Marketing Board</p> <p>(Ministry of Co-operatives & Internal Trade)</p> <p>Contd..</p>	<p>1 The Committee enquired about the Annual Reports for 2010 & 2011 which had not been tabled in Parliament.</p> <p>2 Neither a proper corporate plan nor an action plan was in existence.</p> <p>3 The Committee pointed out the importance of having a computerized data base system for the institution</p>	<p>1 The CAO/AO was directed to take action to table the 2011 Annual report at least by March 2013.</p> <p>2 The Committee wanted to prepare them effecting from the year 2013 while adhering to the treasury circulars.</p> <p>3 Directed the CAO/AO to take prompt action to have the system for which the provision had already been allocated by the treasury.</p>

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	<p>4 The Committee enquired the reason for not taking action with regard a debtor balance of Rs.534 million due from 101 debtors, found to be outstanding for more than 05 years and</p>	<p>4 The Committee directed to clear the balance sheets by writing off the unrecoverable amounts obtaining the proper approval.</p>

Appendix D

Issues discussed at the Meetings of the Sub Committee III of the Committee on Public Enterprises.

Composition of the Sub Committee III of the Committee on
Public Enterprises.

1. **Hon. Lasantha Alagiyawanna (Chairman)**
2. Hon. Arjuna Ranatunga
3. Hon. M.T. Hasen Ali
4. Hon. A. Vinayagamoorthy
5. Hon. (Ven.) Athuraliye Rathana Thero
6. Hon. Seeniththamby Yoheswaran
7. Hon. Eran Wickramaratne
8. Hon. (Prof.) Rajiva Wijesinha
9. Hon. E. Saravanapavan
10. Hon. (Mrs.) Rosy Senanayake

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<p>Sri Lanka Accounting & Auditing Standards Monitoring Board</p> <p>August 09th, 2012</p> <p>(Ministry of Finance & Planning)</p>	<ol style="list-style-type: none"> 1. The main objective which is reviewing the Financial Statements of the Public Enterprises, were only 200 Financial Statements per year out of 1200. 2. An Internal Audit division had not been established in the Board. 3. Certain institutions did not furnish their financial statements to be monitored by the Board. 4. It was observed that cheques were issued exceeding the value of cash balance. 5. Transformation of the post of Director General and the two posts of Senior Technical Managers into contract basis, having doubled the salaries applicable to the above posts in the permanent carder. 	<ol style="list-style-type: none"> 1. Directed the Treasury to formulate a strategy to strengthen the institution and also to re-summon the institution within a month. 2. It was informed that action had been taken to establish an Internal Audit Division by outsourcing its functions. 3. Discussed the importance of amending the Act in order to give more powers to the board. 4. Directed to adhere to the Financial Regulations. 5. The Committee directed to furnish the recommendation given by the Salaries & Carder Commission to the Committee, in this regard.
<p>Public Utilities Commission of Sri Lanka.</p> <p>August 09th, 2012</p> <p>(Ministry of Finance & Planning)</p> <p>Contd...</p>	<ol style="list-style-type: none"> 1. Audit & Management Committee meetings had not been held for the years 2010 and 2011. 2. The Commission had not acted according to the Management Services Circular No. 39 of 26.05.2009, on the matters pertaining to recruitments 	<ol style="list-style-type: none"> 1. As the first Audit & Management Committee meetings had been held in 2012, the Committee directed the officer who is in charge of the Government Audit be invited to participate in the committee as an observer. 2. It was said that the Commission was empowered to appoint staff and to decide remunerations as per the Section 12 of the

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	<p>and the salaries of the staff had been paid contrary to the direction given by the previous meeting of the Committee on Public A Enterprises.</p> <p>3. The Committee observed that the telephones of all divisions of the Commission had not been interconnected to one telephone system in terms of the Public Finance Circular No. 424.</p> <p>4. As the amendments to the Sri Lanka Electricity Act No. 20 of 2009 had not been passed yet, the Commission had not been able to issue licenses to 06 companies generating electricity exceeding the capacity of 25 Mega Watts.</p> <p>5. The Committee questioned about the Norechchulai Power Plant which had been out of order.</p>	<p>PUCSL Act No. 35. The Committee directed the Treasury to appoint a committee to review the circulars and to obtain approval from the Treasury for any revision of salaries done by the Commission.</p> <p>3. The Committee was informed that the Commission had already introduced and implemented a new telephone recording system.</p> <p>4. As per the current Act, the Govt. equity should be there to issue licenses, but all these 06 power plants had been in operation prior to the current Act and the amended Act had been submitted to the Cabinet by now.</p> <p>5. It was stated that this breakdown had been due to a technical defect, and the Commission had already requested a detailed report from Electricity Board regarding the same.</p>
<p>Social Security Board</p> <p>August 09th, 2012</p> <p>(Ministry of Finance & Planning)</p> <p>Contd...</p>	<p>1. The enrollment of contributors in the Board had not shown a satisfactory level and 439,000 members only had been enrolled in the Surekuma Pension Scheme.</p> <p>2. The 65% of the members had been inactive at the moment due to the nonpayment of the monthly installments.</p>	<p>1. It was stated that there had been six pension schemes at the beginning but five of them had to be terminated due to lack of provisions and various other reasons.</p> <p>2. The Committee directed to carry out an analysis of all members specifying their positions and submit a report and also to take necessary action.</p>

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	<p>3. The board had already spent US \$ 127,424 for the new computer programme, which had to be implemented under 07 modules, but certain modules were not up to the standard and the tender had been awarded to M/s. Advant Technologies Incorporation in Bangalore for US \$ 169,280.</p> <p>4. It was observed that a significant amount of unidentified balances had been accumulated due to various mistakes committed by the contributors in entering the ID No., Deposits slip No. etc.</p> <p>5. An investment had been made by the board in a private company.</p>	<p>3. As the case had been handed over to the Internal Audit Section of the Treasury, for further investigation, the Committee directed to submit the report to the Committee.</p> <p>4. The Committee was of the opinion that this money ought to be credited to the respective contributors and directed to furnish a full report to the Committee as well as the Auditor General.</p> <p>5. The Committee directed to make the investment in a State Bank.</p>
<p>Wijaya Kumaratunge Memorial Hospital Board.</p> <p>August 09th, 2012</p> <p>(Ministry of Health)</p> <p>Contd...</p>	<p>1. Annual Reports for the years 2010 and 2011 had not been tabled.</p> <p>2. The Committee noted that Audit & Management Committee Meetings had not been held by the Hospital.</p> <p>3. Internal Audit of the Hospital is performed under the guidance of the Ministry as no Internal Auditor in the Hospital.</p>	<p>1. Directed to table them in Parliament early.</p> <p>2. The Committee directed to hold future meetings regularly and also informed the Treasury Representative of the Director Board to chair the meetings.</p> <p>3. The direction of the Committee was to create a post of Internal Auditor in the cadre of the hospital and obtain the approval from the Salaries and Cadre Commission for same.</p>

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	<p>4. A decrease in the number of eye surgeries performed in year 2012 compared to previous year was observed.</p> <p>5. The Committee enquired about a sum of Rs. 133,080, recoverable from a nurse, for the damages caused on two fine surgical scissors.</p>	<p>4. The CAO stated that as per the advise given by a team of professionals that performing a excessive number of operations per day would hygienically affect the conditions of the operating theatre and the number of operations carried out per day had therefore been reduced. The Committee directed to include these activities in their Corporate Plan.</p> <p>5. It was informed that the recovery was a 25% of the value of two scissors. The Committee directed to take a Board decision to charge a less value from the person concerned as it might have been an unintentional lapse.</p>
<p>Gem & Jewellery Research & Training Institute.</p> <p>August 10th, 2012</p> <p>(Ministry of Environment)</p> <p>Contd...</p>	<p>1. The Board of Directors Meetings had been held only four times per year in 2010 and 2011 instead of holding monthly.</p> <p>2. The financial position of three preceding years and targeted financial data of three ensuing years had not been included in the Corporate Plan for the period 2012-2016 in terms of the PED/12 Circular.</p> <p>3. The Committee noted that the Internal Audit Unit is not functioning in the institute</p>	<p>1. It was agreed to hold the Board of Directors Meetings monthly when the head office will be established in Colombo.</p> <p>2. The Committee directed to amend both the Corporate Plan and the Action Plan in terms of the PED/12 Circular.</p> <p>3. The direction of the Committee was to appoint an Internal Auditor as that position had already been approved by the Department of management Services.</p>

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	<p>4. There was only one Audit & Management Committee meeting held in the year 2012.</p> <p>5. The actual carder of the institute had been only 44 out of approved cadre of 133.</p> <p>6. The Committee enquired regarding Non-utilization of Geological Drilling Machine purchased at Rs. 12.3 million.</p> <p>7. The Committee observed that out of the total amount of Rs. 2,300,000/-, only Rs. 900,000/- had been recovered from a Fraud Committed by a Former Senior Manager.</p> <p>8. It was observed that out of the Rs. 36 million, only Rs. 6 million had been incurred for researches in the Moneragala District.</p>	<p>4. Directed to hold Audit & Management Committee meetings quarterly.</p> <p>5. The Committee directed to fill the vacancies in the Gem and Jewelry Training Institute once the funds are released from the Treasury.</p> <p>6. It was pointed out that the Institute should not have purchased drilling machines, when there were no drilling staff available and directed to submit a report within a month time.</p> <p>7. The Committee directed to submit a report including the current position of the case filed in this connection.</p> <p>8. Directed to take action to avoid similar situation in the future and to submit a future plan in regard to the utilization of funds on the related projects.</p>
<p>Marine Environment Protection Authority.</p> <p>August 10th 2012</p> <p>(Ministry of Environment)</p> <p>Contd...</p>	<p>1. The Committee observed that one Board Member out of three had not been nominated by the Hon. Minister.</p> <p>2. The Corporate Plan of the Authority for 2012 – 2016 had not been prepared in terms of the PED/12 circular.</p> <p>3. It was observed that the responsibilities had not been entrusted to the officers in 2011 Action Plan of the Authority.</p>	<p>1. The Committee directed to take necessary action to complete the nominations.</p> <p>2. It was directed to amend the Corporate Plan in terms of the PED/12 circular.</p> <p>3. The direction of the Committee was to rectify the shortcomings in 2012 Action Plan by including the responsibilities of the officers.</p>

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	<p>4. Annual Reports of the Authority for the year 2009 and 2010 had not been tabled in Parliament.</p> <p>5. The Committee questioned about the action taken by the authority to increase the income.</p> <p>6. The equipment in laboratory of the Authority valued at Rs. 2,501,100/-, had been idled for one year.</p> <p>7. The Committee queried on imposing fines to the ships which had acted in contrary to the Marine Pollution Act.</p>	<p>4. Directed to table Annual Reports of the years 2009-2010 in Parliament early.</p> <p>5. The Committee directed to amend the regulations as to increase the income of the Authority.</p> <p>6. The CAO stated that this was due to the non availability of qualified Lab Assistant. The committee directed to make recruitments without delay.</p> <p>7. The CAO/AO stated, that they had received fines from ships which had violated the Act, but as per the provisions of the Act, the Authority had to obtain the services of the Attorney General's Dept. to appear for such cases.</p> <p>The Committee wanted the CAO/AO to inform the Attorney General to appoint an official to appear on behalf of these court cases to avoid delays.</p>
<p>National Gem & Jewellery Authority.</p> <p>August 10th, 2012</p> <p>(Ministry of Environment)</p> <p>Contd...</p>	<p>1. The Committee observed that one Board Member out of five had not been nominated by the Hon. Minister.</p> <p>2. The Annual Reports for the years 2009 and 2010 had not been tabled in Parliament.</p>	<p>1. The Committee directed to take necessary action to get the vacant positions filled.</p> <p>2. The Committee directed to table the 2009 and 2010 Annual Reports in Parliament early.</p>

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	<p>3. The Authority needs to prepare a fresh Corporate Plan targeting Rs. 01 billion income in the year 2016.</p> <p>4. It was observed that the Internal Audit Plan and reports for the year 2012 had not been presented to Auditor General.</p> <p>5. The Committee observed that out of the 272 approved cadre of the Authority, 105 positions were vacant.</p> <p>6. The Internal Auditor position of the Authority had been in acting basis.</p> <p>7. The Committee questioned regarding the two posts of Gemologist remained vacant.</p> <p>8. The Committee discussed regarding the current position of establishment of the Scientific Gemological Laboratory.</p> <p>9. The Committee observed that the value of the returned cheques as at 31.12.2011 had been Rs. 314,554/- including a balance of Rs. 103,552/- that remained outstanding from 3 to 5 years.</p>	<p>3. The Committee directed to send a report including the targets that had been planned to be included in the Corporate Plan from the year 2013, with in a month.</p> <p>4. The Committee directed to submit all the reports in arrears to the Auditor General and also submit a report to the Committee.</p> <p>5. The Committee was informed that the Organizational Structure had been approved, and within one month's time, the Authority could commence the filling of the vacancies.</p> <p>6. The Committee directed to take action to appoint a permanent officer for this post.</p> <p>7. The Committee directed to submit a report on the cadre position, once the vacancies are filled.</p> <p>8. It was explained that the Authority had decided to establish an internationally recognized lab by now with the collaboration of the private sector, to issue certificate for gems through an internationally recognized Gemologist.</p> <p>9. The Committee directed to remove these amounts from the accounts as bad debts with the approval of the Board of Directors.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
<p>National Transport Medical Institute.</p> <p>August 10th, 2012</p> <p>(Ministry of Transport)</p> <p>Contd...</p>	<ol style="list-style-type: none"> 1. The Institute had not obtained approval from the General Treasury for the Scheme of Recruitment and the Organizational Chart as directed by the previous COPE meeting held on 11/08/2010. 2. There had been 21 vacancies and 65 excess staff in the cadre of the Institute. 3. The Committee observed that the targets expected to be achieved during the years 2012-2014 had not been included to the Action Plan of the Institute. 4. The 2010 Annual Report of the Institute had not been tabled in Parliament. 5. The Institute had invested Rs. 36,775,490/- in a Government bank in contrary to the Finance Act No. 38 of 1971. 6. The Committee noted that although a sum of Rs. 219,600/- had been recovered from the officers who had been responsible for financial irregularities the inquiry had not been completed. 	<ol style="list-style-type: none"> 1. The Committee was informed that the Organizational Chart and the SOR had been submitted to the Department of Management Services and the Salaries and Cadre Commission in March 2011, but due to some amendments it had been returned. 2. The Committee directed to prepare a new cadre including the staff that would be necessary for the newly established branches and the branches to be established, and submit to the treasury for approval and to submit a report on the new carder proposals to the Committee within a month time. 3. It was directed to prepare fresh Corporate Plan and include targets expected to be achieved during the respective years. 4. The Committee pointed out the importance of presentation of Annual Reports in Parliament in time. 5. Directed to obtain the Treasury approval before making an investment. 6. The Committee directed to complete the inquiry and submit the report to the Committee.

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	<p>7. The Committee observed that the expected target had not been achieved from the computer network established to verify the fitness of a driver before issuing the driving licenses.</p> <p>8. A loss of Rs. 7,934,451/- had been incurred to the Institute, on the transactions between the Sri Lanka Transport Board and the National Transport Medical Institute.</p> <p>9. The Committee observed that a sum of Rs. 229,442/- had been spent by the Institute to repair a motor vehicle without obtaining the approval of the Secretary to the Ministry, in terms of the Procurement Guidelines.</p>	<p>7. The Committee directed the CAO to summon both the Medical Institute and the Motor traffic Dept. and discuss the shortcomings of the computer network and submit a report to the Committee.</p> <p>8. The CAO/AO stated that this loss had been incurred for providing medical services and security services for the Sri Lanka Transport Board by the Medical Institute. The Committee wanted the CAO to look into this and find a remedy.</p> <p>9. The Committee directed the CAO/AO to look into these issues, before the payments are made.</p>
<p>Arthur C. Clarke Centre for Modern Technology.</p> <p>October 11th, 2012</p> <p>(Ministry of Technology & Research)</p> <p>Contd...</p>	<p>1. The Committee observed that the Procurement Plan had not been prepared in terms of the Govt. Procurement Guidelines.</p> <p>2. The Committee noted that the actual cadre of the Center had been 78 out of the approved cadre of 176, and 75% of the vacancies had been in the professional grades.</p>	<p>1. The CAO/AO stated that they had prepared Procurement Plan in the required manner as advised by the Auditor General. The Committee directed the CAO to look into this matter and submit a report to the Committee.</p> <p>2. It was said that there was a considerable difficulty in making appointments due to the prevailing poor salary scales. The Committee directed to submit a report indicating the difficulties that the Centre confronted with.</p>

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	<p>3. The Committee discussed about the current position of the implementation of the Robot Technology Project.</p> <p>4. It was observed that Rs. 1.5 million allocated for the year 2011 to purchase equipment for the laboratory had not been utilized by the Centre.</p> <p>5. The Committee enquired about the Incubator Project of the Center which had not been completed yet.</p> <p>6. The debtor balance of Rs. 571,712 had been written off without obtaining the Treasury approval.</p> <p>7. The following items of the Center had been moving slowly since the year 2005.</p> <ul style="list-style-type: none"> • Electronic Accessories - Rs. 4,612,816 • Other Accessories - Rs. 138,466 • Inventory Items - Rs. 680,123 	<p>3. It was informed that the Robot Technology Project is under implementation at the time.</p> <p>4. The Committee directed to submit a report on this matter to the Committee.</p> <p>5. The direction of the Committee was to complete the Incubator Project of the Center soon.</p> <p>6. The CAO was directed to investigate into the matter.</p> <p>7. The Committee directed to take actions to dispose those items, if they could not be used.</p>
<p>National Engineering Research & Development Centre.</p> <p>October 11th, 2012</p> <p>(Ministry of Technology & Research)</p> <p>Contd...</p>	<p>1. It was revealed that out of the approved cadre of 68 only 25 engineers are remaining in the actual carder and NERD had happened to abandon some of the research projects due to lack of engineers.</p> <p>2. The debtor balances of the Center as at 31.12.2011 had been Rs. 6,135,360.</p>	<p>1. The Committee was of the opinion that the Government has to take a policy decision on this issue.</p> <p>2. Directed to recover the dues as early as possible.</p>

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	<p>3. The Committee observed that 14 researches conducted at the cost of Rs. 1,974,883 had been abandoned during the last 5 years.</p> <p>4. The Committee observed that out of the stock of nonmoving items in the stores, the value of stock for over 6 years had been 28 percent of the total stock, amounting to Rs. 3,973,122.</p> <p>5. The Committee noted that there had been a balance of provision for gift/award amounting to Rs. 1,083,995 as at 31.12.2011 as there were not suitable engineers to be awarded.</p>	<p>3. The Committee directed the CAO/AO to submit a report with following details.</p> <ul style="list-style-type: none"> • The date of commencement of each project, • The date of conclusion of each project, • The objective of each project and how far the objectives had been achieved. <p>4. It was directed to take necessary action to make use of these stocks in a fruitful manner.</p> <p>5. It was reported that there are 04 engineers to be award at present.</p>
<p>National Science & Technology Commission.</p> <p>October 11th, 2012</p> <p>(Ministry of Technology & Research)</p> <p>Contd...</p>	<p>1. The Committee observed the following shortcoming. The Term of office of the Board of Directors had terminated on 31.12.2011, but no new Director Board had been appointed.</p> <p>2. The Annual Report of the Commission for the year 2010 had not been tabled in Parliament.</p>	<p>1. The Committee directed to the CAO/AO to discuss with Hon. Minister and the relevant institutions, and take necessary action immediately.</p> <p>2. It was directed to table the Annual Report of the year 2010 without further delay.</p>

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	<p>3. It was observed that an officer had been placed 08 increments ahead of her entitlement in the respective salary scale.</p> <p>4. The Committee observed that the Commission had contributed Rs. 1,159,800 in 2009 to the Non Alliance Movement Centre for training programmes, but follow up action had not been taken to ensure whether they had made any improvement in the field of Science in this country.</p>	<p>3. The Committee directed the CAO to look into this matter.</p> <p>4. The direction of the Committee was to take follow up action in similar situations in the future.</p>
<p>National Science Foundation.</p> <p>October 11th, 2012</p> <p>(Ministry of Technology & Research)</p> <p>Contd...</p>	<p>1. The Committee observed that 02 lecturers had left from service after obtaining research grants amounting to Rs. 586,160.</p> <p>2. The Committee discussed in detail about progress review meetings.</p> <p>3. The title deeds of the land valued at Rs. 370,000,000, where the NSF is situated had not been furnished to the audit.</p> <p>4. The Committee questioned about the share certificates on the investments amounting to Rs. 112,000,000 in Nanco Company.</p>	<p>1. The Committee directed the CAO/AO to include a new clause to the agreement stating that, in case of a similar failure, lecturers need to pay back the funds granted for such research projects.</p> <p>2. It was directed to hold progress review meetings at least once in every two months to discuss about the progress of the research projects.</p> <p>3. Directed to write to the Divisional Secretariat of the area and take action to obtain the deeds and all the details in this regard.</p> <p>4. It was informed that share certificates to the value of Rs. 82 million had been received by NSF. The Committee directed the CAO to look into this matter.</p>

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	5. It was observed that the officers attached to the NSF had been released to the line Ministry contrary to the circular guidelines.	5. The direction of the Committee was to adhere to the circular instructions, and if they need to release the officers on long term basis, to release them permanently.
Sri Lanka Standards Institute. October 11th, 2012 (Ministry of Technology & Research)	1. The Institute had not submitted replies for 05 audit queries to the Auditor General. 2. The Post of Director (Administration) and the Director (Finance) had been vacant from April 2006 and January 2004 respectively. 3. The Committee enquired as to how 2,236,000 Kgs. of cement imported from Pakistan had been released to the Market which had the compression power less than 42.5. 4. The Committee discussed with regard to the standards of the bottled drinking water and the fruits imported to the country.	1. The Committee directed to response for the audit queries that are in arrears. 2. CAO stated that these vacancies were caused due to the requirement of longer period of experience stipulated in the scheme of recruitment and the existing low salary scale. 3. It was stated that since it takes 28 days to check the strength of the cement, and due to the lack of storing facilities in the Port it had been released to the Market. The Committee directed to discuss with the Hon. Minister, on measures that could be taken when such instances occur in future. 4. It was directed to take action to introduce a standard for the bottles that are being used for water and other mineral products and to make the consumers aware of SLS certified products/items through their web site.

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<p>National Institute of Social Development.</p> <p>October 12th, 2012</p> <p>(Ministry of Social Services)</p>	<ol style="list-style-type: none"> 1. The Annual Report of the Institute for the year 2011 had not been tabled in Parliament. 2. The Committee observed that out of the approved cadre of 58 in the academic grades, the actual had been only 24. 3. Without making use of the building constructed at the cost of Rs. 16 million at Thalawa, Anuradhapura to establish the Head Office, a building in Colombo had been rented out for the head office of the Institute, on which Rs. 12,432,000/- had been incurred as the rent in the year 2010. 	<ol style="list-style-type: none"> 1. The Committee directed to table the Annual Report for the year 2011 in Parliament early. 2. Directed to fill the vacancies once the provisions were released by the Treasury. 3. It was explained that the Institute could not be shifted to building at Thalawa as they had started various types of degree programmes in collaboration with the Colombo University, but the Building at Thalawa had been rented to the external parties as a training center.
<p>National Secretariat for Persons with Disabilities.</p> <p>October 12th, 2012</p> <p>(Ministry of Social Services)</p> <p>Contd...</p>	<ol style="list-style-type: none"> 1. The internal audit functions of the Secretariat had not been carried out in the year 2011. 2. The Committee observed that some of the targets mentioned in the Corporate Plan prepared for the period 2011 – 2015 had not been achieved. 3. The Committee discussed on the drafting of the Disabled Rights Act and also implementation of the guidelines in the United Nations Ordinance. 4. The Council had not been maintaining a data base relating to the persons with disabilities. 	<ol style="list-style-type: none"> 1. The Committee directed to take action to appoint sufficient staff to continue the internal audit functions in the Council. 2. Directed CAO/AO to see the possibility of obtaining district wise representation to implement the targets of the Corporate Plan. 3. It was directed to discuss with the Hon. Minister and take appropriate action on these issues. 4. The direction of the Committee was to take action to maintain an updated data base with the information of the disabled persons.

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Contd...	5. It was discussed about the rehabilitation centers prevailing in the country.	5. Directed to co-ordinate with the societies/ personnel interested in supporting such centers and obtain funds to improve the standards of the rehabilitation centers, and also to submit a detailed report to the Committee on same.
	6. The Committee discussed about 25 special schools registered under the Ministry of Education for the disabled persons all over the country, and around 2500 students being educated by around 450 teachers.	6. The Committee suggested the CAO/AO to see whether they could register the schools established by private parties, and also to take action to make the teachers permanent if they fulfill required qualifications and experience in the field by maintaining better co-ordination with the Ministry of Education in this regard.
	7. The Committee inquired about the current position of the construction of access roads for disabled persons.	7. It was stated that there had been a delay in constructing the access roads at some of the institutions due to the inadequacy of provisions. The Committee directed to send the Cabinet decision as well as the relevant circulars relevant to the construction of access roads for disabled persons to the Ministries, Departments and Provincial Councils.
	8. The Committee pointed out the need of providing higher education for the disabled students such as blind, deaf, dumb, etc.	8. The direction of the Committee was to discuss on same with the Hon. Ministers of Social Services and Education, at the respective consultative Committee Meetings.

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	<p>9. The Committee observed that a sum of Rs. 3 million had been granted to settle the expenses of Social Security Fund from the funds received for payment of housing aid for the disabled persons, in 2007.</p>	<p>9. The Committee Directed the CAO/AO to see that the Council maintains a separate Bank account for the Housing Aid Project, and ensure that these funds are not used for any other purpose in future.</p>
<p>Airport & Aviation Services (Sri Lanka) Ltd.</p> <p>October 12th, 2012</p> <p>(Ministry of Civil Aviation)</p>	<p>1. The Committee enquired about the present status of the court case with regard to the land purchased for the holiday resort in Kataragama.</p> <p>2. The AASL had paid both the final payment and the retention money amounting to Rs. 8,754,977,334 to the contractor before the completion of the construction work of the passenger terminal.</p> <p>3. The Committee discussed about the construction of the Mattala International airport.</p> <p>4. The Committee enquired about the staff to be deployed in the Mattala International airport.</p>	<p>1. The CAO/AO stated that the said land had already been taken into the possession of the company. The Committee directed to furnish supportive documents to the Committee to prove that the land had legally been transferred as an asset of the AASL.</p> <p>2. It was explained that the payment had been made on a bank guarantee and AASL had compelled to finalize the payment early as the due time period for the utilization of the loan amount was to lapse on 01.12.2006.</p> <p>3. The Committee directed to furnish the loan agreement signed in this regard between the Exim Bank of China and the AASL</p> <p>4. It was reported that the total requirement of 1225 carder was expected to be recruited stage wise in three steps.</p>

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<p>State Printing Corporation.</p> <p>October 12th, 2012</p> <p>(Ministry of Mass Media and Information)</p>	<ol style="list-style-type: none"> 1. The Corporation had prepared the Annual Budget without taking into consideration the Procurement Plan. 2. Though the Corporation prints 1/3 of the books required by the schools, it has the capacity of printing 60 – 70 percent of the entire requirement of the Education Ministry. 3. The Committee enquired about the purchasing of papers which did not confirm with the specifications. 4. The Committee questioned about the Corporate Plan of the Corporation. 	<ol style="list-style-type: none"> 1. The CAO/AO stated that they prepared the Annual Budget based on the order received for printing of school books. The Committee directed the CAO/AO to see whether the present Annual Budget was in order. 2. The CAO/AO brought to the notice of the Committee that the Corporation had earned a profit of Rs. 164 million by printing school books in 2012. The Committee directed the CAO/AO to find a method to obtain the orders directly from the Ministry of Education without going through the normal tender procedure. 3. The CAO/AO stated that the Corporation had purchased papers on the certification of the Sri Lanka Standards Institute. 4. The CAO/AO stated that the Corporation had revised the Corporate Plan for the period 2012 – 2016. The Committee directed to submit a copy of same to the Committee.
<p>Telecommunications Regulatory Commission of Sri Lanka.</p> <p>October 12th, 2012</p> <p>(The Presidential Secretariat)</p> <p>Contd...</p>	<ol style="list-style-type: none"> 1. There were 28 vacancies in the Commission out of the approved cadre of 57 in the Executive level. 	<ol style="list-style-type: none"> 1. The Committee directed to obtain the approval from the Salaries and Cadre Commission and fill the vacancies without further delay.

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<p>Contd...</p>	<p>2. The Annual Reports of the Commission for the years 2007-2011 had not been tabled in Parliament.</p>	<p>2. Directed to table Every Annual Report gone into arrears in Parliament before the commencement of the Budget.</p>
	<p>3. The Committee noted that there had been Telecommunication business places operated without obtaining a license.</p>	<p>3. The CAO/AO stated that there were around 2000 such places operated in Sri Lanka and in addition there are around 50 importers for which Rs. 1000/- license fee is charged, but only about 50% had been registered. The Committee directed the CAO/AO to follow the under mentioned guidelines.</p> <ul style="list-style-type: none"> • To get the business venders to print in the bill, "TRC approved instrument", • To make the general public aware of the situation, • Request the telephone companies to send messages regarding this to the customers, • Get the Sales outlets to display the "TRC approved instruments" in the outlet itself.
	<p>4. The Committee observed that out of the debtor balance of Rs. 1759 million, Rs. 272 million had remained outstanding for a period from 02 to 19 years.</p>	<p>4. It was stated that, out of the debtor balance of Rs. 300 million, Rs. 174 million had been due from the Electro Tex Company and 50 million from the SLBC. The Committee directed to take action against the both institutions.</p>

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	5. The Committee discussed with regard to the radio frequencies available in Sri Lanka.	5. The Committee directed to submit a report to the Committee containing the number of radio stations, owners, the data on which the frequencies given to each station and Amount paid etc.
Sri Lanka Institute of Textile & Apparel. October 16th, 2012 (Ministry of Industry & Commerce)	1. It was observed that out of the 12 members in the Board of Directors, only 09 members had been appointed. 2. The Internal Audit Unit of the institute had not been functioning adequately. 3. The Committee enquired about the consultancy services and research facilities provided by the Institute with regard to the apparel industry in Sri Lanka. 4. The Committee discussed on the textile industry in Sri Lanka in details.	1. The Committee directed to appoint the balance 03 members to the Board of Directors within the next three weeks. 2. The direction of the Committee was to submit internal audit queries with regard to the shortcomings of the Institute to the Auditor General for his consideration. 3. Directed the CAO/AO to pay attention on the scientific researches. 4. It was stated that the management of the Institution had paid attention to uplift the textile industry and were hoping to manufacture textiles at least for the usage of the local consumers and also the Committee directed to prepare the Corporate Plan as per the present need of the country.

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<p>Southern Development Authority.</p> <p>October 16th, 2012</p> <p>(Ministry of Economic Development)</p>	<ol style="list-style-type: none"> 1. The Committee questioned about not submitting a report regarding the deficiencies/weaknesses in the Institutions to be amalgamated under the “Divineguma” Department as directed by the previous COPE meeting. 2. The Committee enquired the current position of the Authority with regard to the outstanding royalty of Rs. 36.4 million in connection with the agreement entered into with a company in Australia to operate a Television Network. 3. The Authority had not taken action to get reimbursed Rs. 6,694,450/- from the Ministry of Nation Building paid to the officers who were released to that Ministry during the period 2002 – 2007. 	<ol style="list-style-type: none"> 1. The CAO stated that the Ministry had already appointed a Committee on the chairmanship of an Addl. Secretary to carry out the instructions given at the earlier COPE meeting. 2. It was stated that since this company were not in existing, the Attorney General had advised to take action against the persons involved under the Criminal Law and the investigations had already been completed and the report would be submitted to the Authority within two weeks. 3. The Committee directed to take immediate action to get reimbursed Rs. 6,694,450/- to the Authority from the respective ministry.
<p>Sri Lanka Ayurvedic Drugs Corporation.</p> <p>October 16th, 2012</p> <p>(Ministry of Indigenous Medicine)</p> <p>Contd...</p>	<ol style="list-style-type: none"> 1. The Committee observed that there were 17 vacancies in the staff grade positions out of the total number of vacancies of 51, and 08 excess staff in the Corporation. 2. There was an unidentified debtor balance of the Corporation amounted to Rs. 4.7 million and which had not been recovered and brought forward for a long period of time. 	<ol style="list-style-type: none"> 1. The Committee directed to submit a report on the correct position of the approved staff cadre. 2. The Committee directed to write off the above amount, after obtaining the Treasury approval.

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	<p>3. It was observed that 05 sales outlets of the Corporation out of the 16 island wide had been running at a loss.</p> <p>4. The Committee enquired the current position of unreconciled balance amounting to Rs. 896,233 in the Control Account.</p> <p>5. There had been an unidentified amount of Rs. 30,102,056 in the trade debt or balance of Rs. 61,171,600 of the Corporation and a considerable amount of debts had been for more than 05 years.</p> <p>6 The Committee discussed on the cultivation and the expansion of the ayurvedic drugs in Sri Lanka.</p> <p>7. The Committee observed that a stock of gold valued at Rs. 1,841,645 had been deposited in the bank since the year 1976.</p>	<p>3. Directed to submit a report on loss making sales outlets, and the action taken to uplift those outlets for the ensuing three years.</p> <p>4. It was stated that this amount had been rectified. The committee directed to submit a report on the same to the audit.</p> <p>5. The Committee directed to look into the balances written off, and take action to transfer the officials responsible for such lapses, and give more attention on the collection of the debts.</p> <p>6. Directed to submit a report to the Committee on same.</p> <p>7. The CAO/AO stated that it was being used for the preparation of ayurvedic drugs. The Auditor General pointed out that this stock of gold had not been moved for several years.</p>
<p>Geological Survey & Mines Bureau.</p> <p>October 16th, 2012</p> <p>(Ministry of Environment)</p> <p>Contd...</p>	<p>1. The Committee observed that certain objectives indicated in the Act had not clearly been identified in preparing the Corporate Plan of the Bureau.</p>	<p>1. The Committee directed to take early action to revise the Act if the objectives specified therein are practically unachievable.</p>

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	<p>2. The Committee discussed about the involvement of the Bureau in petroleum mining and Gem Industry.</p> <p>3. It was observed that 01 member of the Board of Directors of the Bureau, out of 03, had not been appointed.</p> <p>4. The Committee was of the view that the responsibilities of each officer had not clearly been identified in the Action Plan.</p> <p>5. The Committee observed that the Revaluation of Fixed Assets had not been completed as directed by the previous Committee meeting held on 23/09/2011.</p> <p>6. It was also observed that there had been debtor balances over 5 years amounting to Rs.6,071,830/- and Rs.15,167,885/- recoverable from the Government and the Private Sector respectively as at 31.12.2011.</p> <p>7. The Committee discussed about the seismic activities monitored by the Bureau presently.</p>	<p>2. It was stated that the Bureau had no direct involvement in this matter but provide assistance. It was further stated that mapping has an important role to play in identifying Petroleum.</p> <p>3. It was directed to look into the matter very early and fill the vacancy.</p> <p>4. Directed to revise the Action Plan as per the Guide Lines of the Treasury.</p> <p>5. The direction of the Committee was to obtain the service of the officers having that knowledge, in the Bureau, to finalize the revaluation process.</p> <p>6. It was stated that a detailed report on debtor balances had been referred to the Board of Directors and it had been recommended to initiate legal action. The Committee directed to submit a detailed report to the Committee.</p> <p>7. According to the explanations, the monitoring of seismic activities in the country was at a very developed level at that moment.</p>

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<p>Sri Lanka Cement Corporation.</p> <p>October 16th, 2012</p> <p>(Ministry of State Resources and Enterprise Development)</p>	<ol style="list-style-type: none"> 1. The Committee observed that there had been a difference in the Corporate Plan prepared for the period 2011 – 2015 and the Action Plans prepared for the years 2010, 2011 & 2012. 2. The Committee enquired about the delay in tabling the Annual Report of the Corporation for year 2010 in Parliament. 3. The Corporation had to pay US \$ 300,000 to an American Company with regard to a transaction took place in 1999 for importing some clinker which were not up to the required standard. A part of the payment had been settled by the Holceim Company, and the balance amount by the Treasury. 	<ol style="list-style-type: none"> 1. The Committee directed the CAO/AO to prepare the Action Plan based on the Corporate Plan. 2. The CAO/AO agreed to table the Annual Report for 2010 in Parliament within a month time. 3. The Committee directed the CAO/AO to submit a detailed report on this transaction with the current position to the Committee.
<p>Industrial Technology Institute.</p> <p>November 12th, 2012</p> <p>(Ministry of Technology & Research)</p> <p>Contd...</p>	<ol style="list-style-type: none"> 1. The Committee discussed about the Corporate Plan and the Action Plan of the ITI. 	<ol style="list-style-type: none"> 1. The CAO/AO stated that the Institute had already prepared the 2012 – 2016 Corporate Plan. The Committee directed the CAO/AO to include the following information in the Corporate Plan and submit to the Committee.

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Contd...		<ol style="list-style-type: none"> 1. The date on which the Director Board decision was taken to prepare the Corporate Plan for 2012 – 2016. 2. The names of officials in the Committee appointed for the preparation of the Corporate Plan, 3. The action taken by the Committee appointed to prepare the Corporate Plan, 4. The date on which the Corporate Plan was submitted to the Board of Directors for approval, 5. The date on which the approval was granted to the Corporate Plan by the Board of Directors.
	2. The Committee observed that out of the 63 vacancies prevailing in ITI, 20 vacancies are in the senior level.	2. The CAO/AO stated that they have a problem in recruiting personnel for the scientist position on the prevailing salary scales.
	3. The Committee noted that a Financial Consultant had been appointed from 01.01.2009 without obtaining the Treasury approval and paid allowances amounting to Rs. 200,000/- during that year.	3. The CAO/AO stated that this recruitment was for newly created section. The Committee directed the CAO/AO to prepare the cadre accordingly and obtain the Treasury approval.

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Contd...	<p>4. The Committee enquired the current position of the recovery of Rs. 4,247,554/- from 13 officers who had breached the agreements.</p>	<p>4. The CAO/AO stated that the legal action had been taken in some of the cases, but there are some which cannot be traced. The Committee directed the CAO/AO to submit a detailed report including the following information.</p> <ol style="list-style-type: none"> 1. The date on which each officer had gone overseas for studies/training. 2. Conditions that had been included in the Agreement. 3. The action taken by the Institute to recover the dues. <p>The Committee also directed to submit a report of the shortcomings in the earlier agreements, and the action taken to remedy those shortcomings in future.</p>
	<p>5. The Institute had written off fixed assets and stocks of consumer goods amounting to Rs. 20,824,486/- from the books without obtaining the Treasury approval.</p>	<p>5. The CAO/AO stated that since there were around 100 items which had been fully depreciated with the approval of the line Ministry, those items were discarded. The Committee directed to submit a detailed explanation on this matter.</p>

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	<p>6. The Committee queried about following projects which had not been implemented or implemented half way.</p> <p>Project /Amount Provisioned (Million)</p> <table><tr><td>1. Miscellaneous Pro.</td><td>2.0</td></tr><tr><td>2. No TG 08/25</td><td>0.5</td></tr><tr><td>3. No. TG 09/32</td><td>2.0</td></tr><tr><td>4. No. TG 09/33</td><td>0.5</td></tr><tr><td>5. No. TG 09/31</td><td>5.0</td></tr></table>	1. Miscellaneous Pro.	2.0	2. No TG 08/25	0.5	3. No. TG 09/32	2.0	4. No. TG 09/33	0.5	5. No. TG 09/31	5.0	<p>6. The CAO/AO stated that projects could not be commenced in time due to the delays prevailing in releasing capital funds by the Treasury. The Committee directed to prepare a project forecast at the beginning of the year, before requesting funds from the Treasury.</p>
1. Miscellaneous Pro.	2.0											
2. No TG 08/25	0.5											
3. No. TG 09/32	2.0											
4. No. TG 09/33	0.5											
5. No. TG 09/31	5.0											
<p>Sri Lanka Inventors Commission.</p> <p>November 12th, 2012</p> <p>(Ministry of Technology & Research)</p>	<p>1. The Committee observed the objectives of the Commission and the issuing of patent rights etc.</p> <p>2. The Committee noted that two funds established for assisting inventors had not been utilized since 2007.</p> <p>3. It was observed by the Committee that an Internal Audit Section had not been functioning in the Commission.</p>	<p>1. It was stated that the basic responsibility of the Commission was to encourage the inventors and assist their inventions. The Patent Rights were issued by the Office of the Intellectual Property and not by the Commission.</p> <p>2. The direction of the Committee was to assist inventors by utilizing both funds.</p> <p>3. The Committee was informed that the staff of the ministry had been covering the duties of the Internal Audit Section at present.</p>										

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<p>Sri Lanka Accreditation Board for Conformity Assessment.</p> <p>November 12th, 2012</p> <p>(Ministry of Technology & Research)</p>	<p>1. The Committee discussed about the objectives and the current performance of the institution.</p> <p>2. The SLAB had granted accreditation to about 58 institutions and it was not mandatory for an institution to obtain accreditation to continue with its business.</p>	<p>1. It was explained that the main objective of the institution was to provide accreditations to the laboratories, certification and the inspection bodies to facilitate and improve the quality assessment.</p> <p>2. The Committee directed to take action to introduce a new mechanism making all the institutions compulsory to obtain accreditations from the SLAB.</p>
<p>National Building Research Organization.</p> <p>November 12th, 2012</p> <p>Ministry of Disaster Management</p> <p>Contd...</p>	<p>1. The Committee observed that there had been discrepancies in the Corporate Plan, the Action Plan and the Budget relevant to the Organization.</p> <p>2. The Committee questioned whether the NBRO had taken action to recognize the landslide risk areas.</p> <p>3. The Committee observed that the Procurement Plan had not been prepared in accordance with the National Budget Circular No. 28 of 24.03.2006.</p>	<p>1. The Committee directed the CAO/AO to prepare the Budget, and the Action Plan based on the targets of the Corporate Plan of the Organization.</p> <p>2. The CAO/AO stated that they had recognized 10 landslide risk districts and the mapping of the landslide hazard zones had also been carried out. The CAO further stated that a clearance certificate had to be obtained from the NBRO prior to any construction in these 10 districts.</p> <p>3. The Committee directed the CAO/AO to submit the Procurement Plan to the Auditor General.</p>

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	<ol style="list-style-type: none"> 4. There had been a delay in tabling the 2010 & 2011 Annual Reports in Parliament. 5. The Committee noted that the Internal Audit Reports for the 2nd and 3rd quarters of the 2012 had not been submitted to the Auditor General. 6. It was observed that out of the 73 vacancies in the staff cadre, large number of vacancies had been in the Technical grades, where their services are essential for the performance of the Organization. 7. The Committee queried the current situation of carrying out of awareness programmes of Tsunami warnings in the coastal areas of Eastern, Southern and Western Provinces. 	<ol style="list-style-type: none"> 4. The CAO/AO agreed to table both Annual Reports in Parliament early. 5. The direction of the Committee was to take early action to furnish same. 6. The CAO/AO stated that the organization has a problem in recruiting the professional staff for the prevailing salary scales. 7. The CAO/AO stated that awareness programmes of Tsunami Warnings are being carried out continuously by the Disaster Management Centre and the Technical awareness of landslides and mapping are being done by the NBRO.
<p>Civil Aviation Authority.</p> <p>November 12th, 2012</p> <p>(Ministry of Civil Aviation)</p> <p>Contd...</p>	<ol style="list-style-type: none"> 1. The Authority had taken a building on rent and spent Rs. 972,573/- in the year 2010 to conduct courses, whereas the Authority had received only an income of Rs. 384,136/- by conducting only one course of 03 months duration. 	<ol style="list-style-type: none"> 1. The CAO/AO stated that this building had been taken on rent to establish the European Union Special Project to carry out training activities, and after 03 years, once the project was completed, this building had been used to conduct pilot licence examination and in house training due to lack of space in the earlier office building.

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	<p>2. The Committee noted that the Authority had paid salaries, allowances/incentives to the staff without obtaining Cabinet approval as well as the Treasury approval.</p> <p>3. The Committee questioned about the Enactment of Montreal Convention.</p> <p>4. The Committee inquired as to why the Inbound and the Outbound Cargo had decreased in the year 2011, when compared to the previous years.</p> <p>5. The Committee observed that an officer had been paid salaries from the Ministry and the Authority at the same time.</p>	<p>2. The Committee informed that the Authority has the right to pay any allowances to the staff by following correct procedures and directed the CAO to submit a report to the Committee on this issue.</p> <p>3. The CAO/AO stated that after obtaining the Cabinet approval, it had been forwarded to the Legal Draftsman. The Committee directed CAO/AO to follow it up.</p> <p>4. The CAO was directed to submit a report after investigating the matter.</p> <p>5. The Committee directed the CAO/AO to submit a report to the Committee on this issue, and take action to recover the amount overpaid to this officer.</p>

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<p>Rehabilitation of Persons, Properties and Industries Authority.</p> <p>November 15th, 2012</p> <p>(Ministry of Rehabilitation & Prison Reforms)</p> <p>Contd...</p>	<ol style="list-style-type: none"> 1. The Committee noted that goals, responsibilities, past financial results and financial forecasts had not been clearly indicated in the Corporate Plan of the Authority prepared for the period of 2012-2016. 2. The Committee enquired about not granting loans out of the Rs. 60 million invested in the State Mortgage and Investment Bank for the same purpose and a sum of Rs. 50 million had been withdrawn and invested in another scheme. 3. The Committee observed that an interest amounted to RS. 30.72 million had not been received to the Authority for the amount of Rs. 128 million invested in the National Housing Development Authority from the year 1990 to 1995 for granting loans. 4. The service of an external lawyer had been obtained by the Authority paying Rs. 224,600/- without the approval of the Attorney General and he had gone abroad without completing the task. 5. Although Rs. 25,000/- had been allocated to be given to each displaced persons after getting married, the Authority had granted only half of that amount. 	<ol style="list-style-type: none"> 1. The Committee directed to make necessary amendments in the Corporate Plan of 2012-2016 and send a copy to the Auditor General. 2. The CAO replied that applications had been forwarded to the Bank for Rs. 50 million, but no loans had been granted and as such Rs. 50 million had been withdrawn as per the agreement and the cabinet decision. The Committee directed him to send a report with a copy of the Cabinet decision to the Committee. 3. The CAO/AO stated that Rs. 31 lakhs had been sent back to the Rehabilitation Authority for the years 2011 and 2012 and they had come to an agreement with the NHDA to convert the balance amount to housing fund for granting loans. 4. The CAO/AO stated that Board decision had been taken to get the service of that lawyer and agreed to avoid such situations in the future. 5. The CAO/AO stated that in order to provide assistance for more beneficiaries that had been done and grants had been requested from the Treasury to pay the balance.

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	<p>6. The Authority had paid over-time considering the 1 hour of overtime as 1 ½ hours surpassing the provisions of the PA Circulars.</p> <p>7. The Authority had to pay a surcharge of Rs. 80,504/- as the Contribution to the Employees Trust Fund had not been done in time.</p>	<p>6. The Committee was of the view that it was a wrong practice and directed the CAO/AO to look into the matter immediately.</p> <p>7. The Committee directed to make payments without delay in future.</p>
<p>Defence Service Command & Staff College.</p> <p>November 15th, 2012</p> <p>(Ministry of Defence & Urban Development)</p> <p>Contd...</p>	<p>1. The annual reports of the College for years 2010 and 2011 had not been presented in Parliament.</p> <p>2. The Committee observed some shortcomings in the Corporate Plan for years 2011 – 2015 according to the PED/12 Circular.</p> <p>3. The Fixed Asset Register of the Institution had not been prepared although the value of fixed assets amounted nearly to Rs.489,179,923 /-.</p> <p>4. The Committee noted around 40 vehicles received from Sri Lanka Army, SL Navy, SL Air Force and the Ministry of Defence had not been legally transferred to the Institution.</p> <p>5. The College had not maintained the ratio of 2:1, which should exist between the Current Assets and the Current Liabilities.</p>	<p>1. The Committee directed to present the annual reports in Parliament without further delay.</p> <p>2. The direction of the Committee was to prepare the Corporate Plan for the period 2012-2016, making necessary rectifications.</p> <p>3. It was directed to prepare the Register of Fixed Asset in accordance with the correct format excluding the shortcomings.</p> <p>4. Directed to take suitable action to get all the vehicles transferred to the College.</p> <p>5. The Committee directed to pay early attention to rectify this position.</p>

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	6. The Committee questioned about the programmes conducted by the institution.	6. The CAO/AO stated that officers of Sri Lanka Army, Navy, Air Force and the Police, in a rank above the level of a Major between the age limit of 27-35 years were eligible for the programmes conducted by the institution and they are selected out of a competitive examination held by each force. The Committee directed the CAO/AO to include the exact number of officers participate in the programme from each force, in the Corporate Plan.
Rana Viru Seva Authority. November 15th, 2012 (Ministry of Defence & Urban Development) Contd...	1. Audit & Management Committee meetings of the Authority had not been conducted quarterly. 2. The Committee observed that the construction of a Textile Centre which was initiated in the year 2007 for disabled war heroes in the Ibbagamuwa Ranaviru Village had not been completed. 3. The Committee noted that although the construction of Pre-school building in Kekirawa Ranaviru Village had been completed, the pre-school had not been commenced.	1. The Committee directed to conduct Audit & Management Committee meetings regularly. 2. The CAO/AO stated that since the initial plan had been expanded, the work could not be completed. The Committee was of the view that this should be utilized in a fruitful manner for the benefit of the war heroes in the said village. 3. The Committee directed the CAO/AO to implement projects with clear objectives having considered the technical feasibility in future.

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Contd...	4. The Committee enquired about the maintaining of database on dead or handicapped war heroes and their family members.	4. The CAO/AO stated that a separate section had been established for this purpose in 2010 and 60% of work had already been completed. The Committee directed to send the summary of the available database to the Auditor General.
	5. The money amounted to Rs. 300,000 and Rs. 1,020,805 received for the Ranaviru Commemoration Project remained in fixed deposits and savings Accounts of the Authority since the year 2003.	5. The CAO/AO stated that a Board decision had been taken to transfer the sum of Rs. 3 million and the interest in the fixed deposit of the Savings Bank to the account established for providing scholarships for the children of the war heroes and to cancel the account in Metropolitan Branch of the Bank of Ceylon and deposit that money in the current account to be used for the welfare of the war heroes.
	6. The Committee noted that 09 lands with an extent of 65 acres had not been distributed among the war heroes over a considerable period of time.	6. The Committee directed the CAO/AO to prepare an action plan and expedite the process and also to send the marking system adapted for distribution of lands among the beneficiaries to the Committee.

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	<p>7. The Committee discussed the methodology used for distribution of lands among the three categories of still in service, handicapped and the dependents of dead war heroes.</p> <p>8. There was a contradiction between the figures of Auditor General and the Authority on the lands distributed among the beneficiaries.</p> <p>9. The Committee enquired about the mechanism of the Authority in handling the income earned by selling flags.</p>	<p>7. The Committee directed the CAO/AO to send a detailed report on this and a request with the details of identified lands of 55 acres to the Secretary to the Ministry of Lands for the preparation of survey plans with a copy to the Committee Secretariat and to expedite the process of distribution of lands among the beneficiaries.</p> <p>8. A detailed report was called for by the Committee within a month including the actual details on the lands and houses distributed, financial assistance provided for construction or renovation of houses by the Authority and the Ministry separately from the year 2009 onwards.</p> <p>9. The Committee directed CAO/AO to have proper records on them and send the details for auditing.</p>
<p>Resettlement Authority</p> <p>November 15th, 2012</p> <p>(Ministry of Resettlement)</p> <p>Contd...</p>	<p>1. The Committee observed that there were number of shortcomings in the Corporate Plan of the Authority prepared for the year 2012-2013.</p>	<p>1. The Committee directed to amend the Corporate Plan including the extended period of 3 years as per the PED Circular 12.</p>

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Contd...	2. The Committee enquired as to why some higher positions had not been filled.	2. The CAO/AO stated that earlier it was decided to abolish the Authority on 10.04.2012 and as such those vacancies had not been filled. The Committee directed the CAO/AO to amend the cadre according to the current requirement and recruit personnel on contract basis or the secondment basis as the Authority had only been extended by three years.
	3. The Committee observed that Rs. 10121/- million had been allocated for housing, livelihood activities and social development of the Authority as per the proposed action plan for the year 2011, but there was no evidence to prove that those activities had been actually done.	3. The Committee directed to send monthly progress reports to the Auditor General and to implement a mechanism for performance appraisal of the officers.
	4. The Committee discussed the current progress of the settlement being done in Mulative and Silawature.	4. The CAO/AO informed that an establishment of model village for 150 families in Mulative had recently been implemented and would be completed by the end of March, 2013 and the displaced in Silawature were in temporary accommodation. The Committee was of the view that they had a responsibility to provide dignified livelihood for them and directed to send a detailed report to the Committee regarding those settlements.

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	<p>5. The Committee enquired about the displaced Muslim personnel in Puttalam.</p> <p>6. The Committee stressed that it was a basic requirement to do an overall assessment of the needs of the affected communities and co-ordinate with other Institutions to avoid duplication of work related to resettlement.</p>	<p>5. The CAO/AO stated that 5500 houses had already been built in Puttalam, but the Government policy was to settle them in their original villages and as such a committee had been appointed to provide lands in Jaffna for them.</p> <p>6. The CAO/AO was directed to prepare a proper plan for post-settlement activities and send a detailed report on the progress of resettlement.</p>
<p>National Crafts Council</p> <p>November 16th, 2012</p> <p>(Ministry of Traditional Industries & Small Enterprises Development)</p>	<p>1. The Corporate Plan of the Council for the period 2011-2014 had not been prepared.</p> <p>2. The balance amount of the financial allocation of Rs.1,317,977/- for the construction project of Sigiriya Information Centre had been idling for seven years.</p> <p>3. The Committee enquired as to what steps had been taken to further reduce the deficit which is comparatively better in 2011.</p>	<p>1. The CAO/AO stated that the Corporate Plan for the period 2012-2016 had been prepared and submitted to the Audit.</p> <p>2. The CAO/AO stated that it had been planned to finish the construction before the end of 2013.</p> <p>3. The CAO/AO stated that actions had been taken to reduce the deficit by revising the Corporate Plan according to the financial position in each year. The Committee directed not to revise the Corporate Plan but to include such things in the Action Plan.</p>

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<p>National Design Centre</p> <p>November 16th, 2012</p> <p>(Ministry of Traditional Industries & Small Enterprises Development)</p>	<ol style="list-style-type: none"> 1. The Committee queried as to how far the Institution had followed the International Accounting Standards. 2. The suspense account balance of the Center amounting to Rs. 456,382 had not been identified and written off. 3. It was observed that only Rs. 631,156/- out of the receivable amount of Rs. 4,018,738/- had been recovered due to non-availability of documents. 4. The Center had not maintained a Fixed Assets Register for the fixed assets valued at Rs.23,419,612/- owned by the institution and also no revaluation had been done. 5. The Committee queried about the inadequacy of evidence in confirming the debtor balance amounting to Rs.13,260,230/- and the creditor balance amounting to Rs.9,753,798/- 	<ol style="list-style-type: none"> 1. The Committee directed to prepare accounts in accordance with new International Accounting Standards. 2. It was stated that the balance had been existing since 2001 due to accounting errors and agreed to correct it in their accounts in the year 2012. 3. The direction of the Committee was to take immediate action to recover the balance amount. 4. The CAO/AO stated that the Center had been maintaining the Fixed Assets Register from the beginning of the year 2012 and revaluation of Fixed Assets had also been done. 5. It was stated that the debtor balance had already been corrected. The Committee directed the CAO/AO to obtain adequate evidence for the confirmation of the other amounts.
<p>Industrial Development Board.</p> <p>November 16th, 2012</p> <p>(Ministry of Traditional Industries & Small Enterprise Development)</p> <p>Contd...</p>	<ol style="list-style-type: none"> 1. The Annual reports of the Board for the years 2010 and 2011 had not been tabled in parliament. 	<ol style="list-style-type: none"> 1. The Committee directed to table the respective Annual reports without further delay.

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<p>Contd...</p>	<p>2. The Audit & Management Committee meetings of the Board had not been held adequately.</p> <p>3. The Committee inquired as to what action would be taken regarding 45 casual workers with the implementation of the new cadre.</p> <p>4. The Committee questioned about the current position of the inquiries made into the loss incurred on the sale of the generator and also about the stock shortage of the 79 Hand Potter Wheels.</p> <p>5. IDB had paid a sum of Rs. 4.6 million to the Sri Lanka Customs as an advance for purchasing of scrap materials but such a purchase had not been done.</p>	<p>2. The direction of the Committee was to regularize the holding of meetings.</p> <p>3. It was directed to discuss this issue with relevant authorities to see whether any justice could be done for them.</p> <p>4. The CAO/AO stated that certain officers who were alleged to responsible for the loss had already retired from service and the other accused officer who had functioned in the Technical Evaluation Committee had been exonerated from all charges by the report of the Investigating Officer and no evidence could be traced on the shortage of 79 hand potter wheels, as a certain number of Hand Potter Wheels in stock had been distributed among the Public by a consultant of the then Minister without the intervention of the IDB. The Committee stressed that the investigations should be continued against the officers stated to be retired as well and directed to hold an inquiry about shortage of the 79 Hand Potter Wheels.</p> <p>5. Directed the CAO/AO either to make the purchases or get back the advance payment.</p>

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	<p>6. The Committee observed that the Production Exhibition Centre constructed at the cost of Rs.1,412,100 had not been opened yet .</p> <p>7. The Committee questioned about the unidentified deposits amounting to Rs. 3.1 million accumulated in five bank accounts.</p> <p>8. The non-receipt of dividends for the investment of Rs. 5.3 million made in the Industrial Development Company Ltd. had not been disclosed in financial statements as per the SLAS No. 22</p> <p>9. The Committee discussed about the industrial zones which had not been functioning then and also encroached by outsiders.</p> <p>10 A bus purchased at a cost of Rs. 8,712,000 for the project of disseminating technology in 2009 had become unusable after running of only a few kilo meters.</p> <p>11 The Committee discussed about the methodology followed by the IDB in purchasing and reselling the scrap materials.</p>	<p>6. The Committee directed to take steps to open this Centre very early.</p> <p>7. The Committee suggested to take these deposits as sundry income, if there was no way of identifying them.</p> <p>8. The direction of the Committee was to take necessary action with the proper approval to write off the loss incurred on this investment since the company had been defunct at the moment.</p> <p>9. The Committee directed the CAO/AO to send a detailed report on the 18 Industrial zones belonging to the IDB.</p> <p>10 A detailed report was called on this matter stating the names of the responsible officers.</p> <p>11 The Committee directed to send a report to the Committee on this matter including the related issues.</p>

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<p>Sri Lanka Handicrafts Board</p> <p>November 16th, 2012</p> <p>(Ministry of State Resources & Enterprise Development)</p>	<ol style="list-style-type: none"> 1. The Committee inquired regarding the sale of the Bambalapitiya Showroom without obtaining a valuation from a government valuer. 2. The Committee observed an arrears of audit fees amounting to Rs. 2,876,177 up to 2012. 3. It was observed that the institution had paid surcharges for the delayed payment of EPF and Assessment Tax. 4. The Committee questioned about the 05 consultants recruited on contract basis without having proper approval. 	<ol style="list-style-type: none"> 1. The Committee stressed the requirement of getting a valuation report from the Chief Government Valuer and directed to fulfill that requirement. 2. It was stated that Rs. 3.1 Million which had been in arrears for nearly 13 years had been settled. The Committee directed to finalize the payments. 3. Directed to pay more attention in this regard in future and to adhere to the rules and regulations relevant to those payments. 4. The Committee directed the CAO to get necessary approval for such appointment in future.
<p>Sri Lanka Convention Bureau</p> <p>November 16th, 2012</p> <p>(Ministry of Economic Development)</p> <p>Contd...</p>	<ol style="list-style-type: none"> 1. The Annual Reports of the Bureau for the years 2010 and 2011 had not been presented in Parliament. 	<ol style="list-style-type: none"> 1. The Committee directed to make arrangements to present the Annual Reports for 2010 and 2011 in Parliament without further delay.

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	<p>2. The Committee observed that the performance indicators had not been included in the Corporate Plan as per the PED/12 Circular.</p> <p>3. The Action Plan and the Procurement Plan of the Bureau had not been prepared in accordance with the PED/12 Circular.</p> <p>4. The under mentioned expenses had been borne by the Bureau on behalf of the Sri Lanka Tourism Development Authority.</p> <ul style="list-style-type: none"> • Tourism Awards Rs.6,500,00/- • Spice Festival Rs.5,000,000/- • World Tourism Day Rs.1,500,000/- • Regional Events 4,500,000/- <p>5. The Committee queried about the amount of Rs. 3.5 million spent for the Negombo Mega Promotion Programme of which no information had been provided for audit.</p> <p>6. The Committee observed that although the Bureau had spent Rs. 22.2, Rs. 25.3 and Rs. 47.9 million in the years 2009, 2010 and 2011 respectively for marketing and promotional activities, the outcome of those activities had not properly been evaluated.</p>	<p>2. Directed to reformulate the Corporate Plan as per the PED/12 Circular.</p> <p>3. The direction of the Committee was to take necessary corrective measures.</p> <p>4. The CAO/AO stated that actions had not been taken to recover these amounts from the Authority in view of the proposed amalgamation of the four institutions. A separate report on these expenses was called within a month.</p> <p>5. Directed to submit a report with regard to this expenditure to the Audit.</p> <p>6. The Committee directed to follow a proper criteria for this.</p>

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<p>Sri Lanka Institute of Printing.</p> <p>November 19th, 2012</p> <p>(Ministry of Youth Affairs & Skills Development)</p>	<ol style="list-style-type: none"> 1. The Committee observed that the final copy of the Corporate Plan of the institute for the period 2012-2016 had not been submitted to the Auditor General. 2. The Committee discussed on the objectives, activities of the institute and also the training courses conducted by the Institute. 3. The preparation of accounts and bank reconciliation statements of the Institute had been outsourced as there was no Accountant in the Institute. 4. The Committee observed that some instances where the salary points had been decided in the institute contrary to the Management Service Circular No. 30. 	<ol style="list-style-type: none"> 1. Directed to submit the final copy of the Corporate Plan 2012-2016 to the Auditor General. 2. The Committee emphasized the need of adopting a proper mechanism to identify the training needs of the people engaged in printing Industry. 3. The Committee also wanted the CAO to plan a proper mechanism for monitoring the accounting and auditing process and report back to the Committee and directed the Accountant of the Ministry to provide necessary assistance till then. 4. The CAO/AO agreed to make necessary adjustments when the SOR was approved.
<p>National Film Corporation.</p> <p>November 19th, 2012</p> <p>(Ministry of Mass Media & Information)</p> <p>Contd...</p>	<ol style="list-style-type: none"> 1. The vacancy prevailing in the General Manager's post in the Corporation. 	<ol style="list-style-type: none"> 1. The Committee directed the CAO/AO to take necessary action to fill the vacancies before the 01st of January, 2013, and submit a report to the Committee.

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Contd...	<p>2. The Committee discussed about the following outstanding amounts.</p> <ul style="list-style-type: none"> Rs. 7,913,163 recoverable at the end of year 2011 from 146 cinema halls closed down prior to 2001. Rs. 133,069,516. recoverable from 177 cinema halls belonging to Boards as at 31.12.2011. 	<p>2. The CAO/AO stated that the Corporation had taken action to collect the dues wherever possible. The Committee directed the CAO to appoint a Committee at Ministry level, and see what action could be taken to recover the dues and to submit a report containing loan details of those 177 cinema halls.</p>
	<p>3. The Committee questioned regarding the progress of collecting the arrears from debtors.</p>	<p>3. The Corporation had appointed a Committee to look into the debtor balance. The Committee directed the CAO/AO to discuss with the Hon. Minister and introduce a methodology on the recovery of outstanding dues and submit the same to the Committee.</p>
	<p>4. The Committee discussed about outstanding production loans amounting to Rs. 75 lakhs which had been granted for 26 cinemas.</p>	<p>4. The CAO/AO stated that the Corporation had now amended the agreement and now personal or a property guarantee need for such loans.</p>

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	<p>5. The files relating to the purchase of DTS Sound equipment and Projectors valued at Rs. 17,362,634 had not been forwarded to the Auditor General.</p> <p>6. The Committee discussed the actions taken to uplift the cinema industry in the North and East.</p> <p>7. The Committee questioned about the procedure adopted by the Corporation when foreign films are imported to the country.</p>	<p>5. The CAO/AO stated that there had been a serious fraud relevant to this transaction and the Corporation had to consult the Attorney General and as such the corporation had been unable to submit those documents to the audit. The Committee directed the CAO to carry out an investigation at ministry level and submit a report to the Committee including the persons involved and the action taken against them.</p> <p>6. The Committee directed the CAO/AO to have discussions with the UDA officials, and request them to plan for mini theatres when they are designing new town plans in the country.</p> <p>7. The CAO/AO stated that they have restricted importing foreign films. The Committee wanted the CAO/AO to include in the paper advertisement the above guidelines when the registrations are called in future.</p>
<p>Superior Courts Complex Board of Management.</p> <p>November 19th, 2012</p> <p>(Ministry of Justice)</p> <p>Contd...</p>	<p>1. The Committee observed that two members of the director Board had not been appointed.</p>	<p>1. The Committee directed to take necessary action to fill the vacancies without further delay.</p>

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	<p>2. It was revealed that Rs. 42 million had to be spent only on electricity out of Rs. 86 million received from the treasury for recurrent expenditure of the Board.</p> <p>3. It was observed that the allocation of official residencies to the staff had been made without charging a rental.</p>	<p>2. The direction of the Committee was to discuss with the authorities and the experts of the Ceylon Electricity Board to look into the possibilities of bringing down the electricity consumption and to report to the Committee on the findings thereon.</p> <p>3. A detailed report was called in within one week on the 10 official residencies including the details about the present occupants and the expenditure incurred on maintenance.</p>
<p>Sri Lanka Judges Institute.</p> <p>November 19th, 2012</p> <p>(Ministry of Justice)</p>	<p>1. The Annual Reports of the Institution for the years 2005-2012 had not been tabled in Parliament.</p> <p>2. The Institute had paid some allowances to the officers without obtaining the approval of the Department of Management Services.</p> <p>3. The Committee discussed in detail about the vision, mission and objectives stipulated in the Act which should be achieved by the Institute as the sole organization of providing training facilities to the Judges in the country.</p>	<p>1. The direction of the Committee was to table all the outstanding Annual Reports in Parliament very soon.</p> <p>2. It was directed to take the approval of the Dept. of Management services for similar payments.</p> <p>3. The Committee emphasized the need for fast dissemination of information and the research activities and directed that the lower court judges should also be provided with facilities so as to maintain interact with the international levels.</p>

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<p>National Research Council.</p> <p>December 07th, 2012</p> <p>(Ministry of Technology & Research)</p> <p>(Ministry of Technology & Research)</p>	<p>1. The Committee questioned about obtaining the patent certificate for developing technology for research projects.</p> <p>2. The Committee discussed on the research studies.</p> <p>3. It was observed that due to the abandonment of the research projects by some of the Researchers, a long period had been taken to close the bank account or transfer the funds and equipment for another project.</p>	<p>1. The CAO/AO stated that they need around US \$ 60,000 – 75,000 to obtain the International Patent Certificate, and that they had already held discussions with the Treasury in this regard.</p> <p>2. The Committee directed the CAO/AO to submit a detailed report on the research projects carried out by the Council for the last three years including the following information.</p> <ul style="list-style-type: none"> • The Research Projects carried out by the Council. • The Research Projects carried out with the collaboration of other institutes and • The names of those institutions. <p>3. The CAO/AO stated that some of the projects had not been carried out or completed due to various reasons, but by now those money had been recovered. He further stated that there are 111 such current accounts. The Committee directed the CAO/AO to submit a report on the above 111 bank accounts including the date of commencement of the account and other relevant information to the Committee.</p>

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<p>National Council for Road Safety.</p> <p>December 07th, 2012</p> <p>(Ministry of Transport)</p>	<ol style="list-style-type: none"> 1. The Annual Reports of the Institute for the last years had not been presented in Parliament. 2. The Committee observed that the Corporate Plan had not been prepared giving effect to achieve the objectives specified in the Act. 3. The Committee noted an inordinate delay in paying of compensation to the dependents of the victims of motor accidents. 4. It was observed that no proper procedure had been followed by the Council to charge 1% out of the total income on third party insurance policy issued by each insurance company, to the fund of the council. 5. The Committee inquired about the statistics with regard to the fatal accidents recorded and the other related matters revealed out of those accidents. 	<ol style="list-style-type: none"> 1. The Committee directed to table all the outstanding Annual Reports in Parliament within a period of six months. 2. The CAO/AO agreed to prepare the Corporate Plan very early. 3. It was directed to attend to all the pending cases as early as possible. 4. Directed to prepare a detailed report with regard to the amounts received from each insurance company since 2004 and to forward it to the Insurance Board in order to ascertain that all the dues had been received by the Council. 5. It was stated that around 1250 of such accidents are reported to the institute per year and it had been revealed that 80% out of that amount had been due to certain unsound medical situations of drivers and the Committee directed to obtain the details of accidents of the vehicles registered under the ON THE SPOT insurance scheme, as those details are not reported.

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<p>Sustainable Energy Authority.</p> <p>December 07th, 2012</p> <p>(Ministry of Power & Energy)</p> <p>Contd...</p>	<ol style="list-style-type: none"> <li data-bbox="467 272 842 465">1. The Committee enquired about the loss of two vehicles belonged to the Authority and the fixed assets register which had not been updated properly. <li data-bbox="467 542 842 774">2. The Committee observed that the Rs. 58.26 million & Rs. 84.40 million had been invested in Treasury Bills and Fixed Deposits respectively without the approval of the Treasury. <li data-bbox="467 871 842 987">3. The Sustainable Energy Guarantee Fund had not been shown in the balance sheet. <li data-bbox="467 1373 842 1508">4. The Capital grant had been shown as income and expenditure when preparing accounts. 	<ol style="list-style-type: none"> <li data-bbox="846 272 1174 465">1. The AO stated that these two vehicles had been handed over to the Ministry as per their request, but there were no written evidence. <li data-bbox="846 542 1174 852">2. As the Treasury and the Auditor General had not received any request or report sent by the Authority in this regard, the Committee directed the CAO/AO to carry out further investigation in this regard and report back to the Committee. <li data-bbox="846 871 1174 1335">3. The CAO/AO stated that the fund had already been established but the required regulations had not yet been formed. The Committee directed the CAO/AO to send a detailed report to the Committee including on which provisions of the Act this had been established, the objectives, the balances, the functions and what actions had been taken so far to establish this fund. <li data-bbox="846 1373 1174 1624">4. The CAO/AO stated that the Treasury approval had been given to use the Capital grants for Recurrent purposes. The Committee directed to rectify the errors had in accounting procedures.

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	5. The Committee questioned about distribution of Rs. 3,135,202/- out of Rs. 7,334,354/- received for the Switch Area Project, among the officers as a professional allowance in contrary to the PED Circular No. 95, the CAO/AO.	5. The CAO/AO stated that those payments had been made after having the Board approval. The Committee directed the CAO/AO to send a detailed report on same.
<p>Central Environmental Authority</p> <p>December 07th, 2012</p> <p>(Ministry of Environment)</p> <p>Contd...</p>	<p>1. Some of the objectives laid in the Corporate Plan prepared for the period of 2008 -2012 had not been implemented.</p> <p>2. The Committee discussed about the procedure followed regarding the Public Complaints.</p> <p>3. The Committee queried about the recovery of Rs. 7,267,339/- from the Ministry of Power & Energy for a project named Post-used Plastic Waste Management National Project.</p> <p>4. An attendance allowance had been paid by the Authority for the staff members without the approval of the Treasury.</p>	<p>1. The CAO/AO was directed to prepare an appropriate Corporate Plan for the Institution or to make necessary amendments to the existing one and send a detailed report to the Committee Secretariat within a month.</p> <p>2. The Committee stressed the need for better use of the environment officers attached to District offices and directed to coordinate the activities more efficiently and to do the follow-up.</p> <p>3. The Committee directed the AO to take action to solve this matter through the Secretary to the Ministry.</p> <p>4. The Committee was of the view that this had been done in contrary to the Govt. Circulars and directed to take actions to regularize the matter.</p>

Date/ Name of the Institution & Ministry	Major Issues & Problems Identified	Comments & Decisions of the COPE
	<p>5. The Committee observed that there was a lapse in monitoring environmental pollution arising from the factories under the BOI.</p> <p>6. The Committee queried about the tender procedure of purchasing Air Quality Monitoring Machine System.</p>	<p>5. The Committee directed to take actions against such Industries using the available provisions of the Act through the BOI and to send the list of those industries to the Committee Secretariat.</p> <p>6. The CAO/AO stated that there were some lapses when submitting the tender by that Company. The Committee directed to keep the money amounting to Rs. 120 million allocated for this in a Deposit Account with the approval of the Treasury to be used in the next year after streamlining the process.</p>
<p>Ceylon Ceramics Corporation.</p> <p>December 07th, 2012</p> <p>(Ministry of State Resources and Enterprise Development)</p>	<p>1. The Committee questioned about the Ceramics Corporation which is under the Competent Authority and not appointing a Director Board as per the Act.</p>	<p>1. The CAO explained that the Cabinet had decided to restructure the Corporation within one year and until then the Corporation is functioning under the Competent Authority with 25 staff members. The Committee directed the CAO to send a comprehensive report regarding the restructuring programme.</p>

Appendix E

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